



# POLICY ADVOCACY STRATEGY FOR INTRA-REGIONAL TRADE

## DEALING WITH NTMs IN SOUTH ASIA



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# POLICY ADVOCACY STRATEGY FOR INTRA-REGIONAL TRADE

## DEALING WITH NTMs IN SOUTH ASIA

The prepared strategy serves as a blueprint for policy advocacy at the national and regional level. Relevant stakeholders are at liberty to customise the proposed strategy as per respective need.

Supported by:



# Acknowledgement

Despite being the world's largest market and having direct channels for connectivity, the South Asian journey to regional integration remains inert. Living with unresolved issues, protectionist policies and within an environment of imprecision, intra-regional trade and investment has continued to remain rather insignificant. Due to the prevalence of over-regulations, inefficient infrastructure, and non-tariff barriers (NTBs), opportunities in trade and investment remain largely unexplored.

While the South Asian Free Trade Area (SAFTA) emphasises the reduction in tariff barriers, the consequent benefits may be impeded due to the presence of non-tariff measures (NTMs). NTMs can include various bureaucratic or legal issues that could involve and create hindrances to trade. These include import licensing, rules for the valuation of goods at customs, pre-shipment inspection, rules of origin, and trade related investment measures. Even though the term "non-tariff measure" needs to be defined clearly, it is imperative to address NTBs under the regional and bilateral trade liberalisation initiatives in South Asia as well. Whether there is a most favoured nation (MFN) status or a preferential trade agreement between South Asian countries, the existence of NTMs will inhibit intra-regional trade.

Therefore, it is important to emphasise the fact that trade in the SAARC region will continue to suffer due to the presence of NTMs. In order to move forward, South Asian countries need to identify country-specific constraints, which can then be addressed through mutual cooperation under SAFTA. This necessitates the active participation of public-private leadership, stakeholders and development partners using innovative approaches to address NTMs and harness opportunities for the reduction and removal of prevailing NTMs across the region.

The purpose of *Policy Advocacy Strategy for Intra-Regional Trade - Dealing with NTMs in South Asia* is to ensure a systematic and harmonious approach to design, implement, coordinate, monitor and evaluate advocating initiatives by providing a common frame

of reference and guidelines to multiple stakeholders: the government agencies, business organisation, development partners, the media, the private sector and other relevant institutions.

This Policy Advocacy Strategy has a cross-cutting dimension that can guide the key actors in different sectors to relate their mandates to the challenges posed by the prevalence of NTMs, and to understand their roles in order to achieve common goals and objectives. There is need more than ever before, to strengthen collaboration, coordination and to bring about essential synergies aimed at addressing the issues of trade facilitation in a more comprehensive manner.

The SAARC Chamber of Commerce and Industry Secretariat believes that effective implementation of this strategy will contribute to making the issues of NTBs a priority on the public, policy and media agenda in the SAARC region. It is our hope that the utilisation of this strategy by stakeholders will result in a favourable environment across the region and changes in policies, legislation, programmes as well as strategies and influence the policymakers with the aim of trade facilitation.



**(Muhammad Iqbal Tabish)**  
Secretary General,  
SAARC Chamber of Commerce and Industry,  
Islamabad, February 15<sup>th</sup> 2016

# Foreword

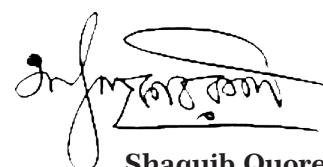
This advocacy strategy has its roots in the initiatives of the Working-Group on Regional Trade Facilitation (WG-RTF) of the SAARC Trade Promotion Network (SAARC-TPN) with the aim to identify, assess, and analyse the non-tariff measures (NTMs) in South Asia. These endeavours culminated in the publication titled, “**NTMs in South Asia: Assessment and Analysis**” (2014: Raihan et al). The detailed inventory of country-specific NTMs and their analyses compelled the researchers and the members of WG-RTF to come to a realisation that many obstacles to trade in the region rest not only on a specific trade related legislation or measure, but rather on how that legislation is applied or treated at border posts, or after it crosses the border. Again, the specific treatment is not always a result of arbitrary decisions of the authorities, but may arise from other realities, such as narrow roads, absence of truck-sheds or warehouses, sheer lack of knowledge of the person[s] handling the issues, poor or non-existent testing facilities, or just some bureaucratic tangle that has remained in practice for decades, with limited conscious effort on anyone’s part to discard such obstacles for the ease of doing business. This realisation gave way to the idea of a policy advocacy in order to bring forth reforms. Some reforms are needed at the national level, some at bilateral, and yet some others at the regional level. The whole gamut of the complex and systematic tasks, comprising the conscious and structured efforts to bring in relevant changes by sensitising the policymakers, based on real-life evidence of existing trade impediments in the region, can be termed ‘Policy Advocacy’, which can be performed best by the champions of trade in the region.

This document, titled, “Policy Advocacy Strategy for Intra-Regional Trade – Dealing with NTMs in South Asia” drafted by an eminent researcher and expert on NTMs in the region, Dr. Selim Raihan, is an outcome of extensive consultation and interactions with key individuals and institutions dealing with issues of trade promotion in the region. As the title suggests, the main focus of the paper remains on NTMs, but it also identifies all the key stakeholders dealing with trade issues in general in each country of the region. This paper will serve as a so-called ‘blueprint’ or guideline for the movers and shakers in each country to organise themselves into policy advocacy groups, to engage with the respective governments at the national level and to bring in the required reforms.

At the regional level, a similar group is suggested to deal with the regional issues through the regional mechanisms offered by SAARC and SAARC Chamber of Commerce and Industry.

It may not be an easy task to implement the policy advocacy strategy successfully. The history of this region is fraught with mistrust, arising from exploitative and divisive colonial rule that left the local economic drivers exhausted. The political partition in 1947 resulted in downsizing of the regional economy. The independence of Bangladesh in 1971 proved costly for the region, not only in terms of life and property, but also in terms of lost economic partnership which triggered significant reduction in intra-regional trade and gave rise to competing policies among the neighboring countries, rather than forging economic integration.

This advocacy strategy is an attempt to engage the champions of trade in each country who can possibly unite with a common goal and move the governments and regional institutions favoring more intra-regional trade towards peace and prosperity in the region.



**Shaquib Quoreshi**  
Secretary  
Metropolitan Chamber of Commerce and Industry,  
Dhaka  
Spokesperson of the WG-RTF,  
SAARC-TPN until January 2016  
Dhaka, February 15<sup>th</sup> 2016

## **SAARC MEMBER COUNTRIES**

Afghanistan  
Bangladesh  
Bhutan  
India  
Maldives  
Nepal  
Pakistan  
Sri Lanka

## **SAARC TRADE PROMOTION NETWORK (SAARC-TPN)**

The SAARC Trade Promotion Network (SAARC-TPN) is a network of 27 key public (Departments of Trade, Export Promotion Agencies) and private sector (Chambers of Commerce, Business Associations) organisations working on trade related areas in all SAARC countries. The main objective of the SAARC-TPN is to promote intra-regional trade potentials in the region.

The SAARC-TPN is supported by technical assistance of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, which acts on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).

## **WORKING GROUPS**

Under the SAARC-TPN, four Working Groups (WGs) deal with specific topics. Each WG is headed by a spokesperson (SP) to be elected by each WG. Some of the Working Groups receive technical/ financial support by Implementing Partners (IP).

1. Working Group Human Capacity Development (WG-HCD)
2. Working Group Quality Infrastructure (WG-QI)
3. Working Group Regional Trade Facilitation (WG-RTF)
4. Working Group Small and Medium Enterprises (WG-SME)

# SAARC Trade Promotion Network (SAARC-TPN) Members

## AFGHANISTAN

1. Afghanistan Chamber of Commerce and Industry (ACCI)
2. Export Promotion Agency of Afghanistan (EPAA)

## BANGLADESH

3. Export Promotion Bureau (EPB)
4. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
5. Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI)
6. Small and Medium Enterprise Foundation (SME Foundation)

## BHUTAN

7. Bhutan Chamber of Commerce and Industry (BCCI)
8. Department of Trade (DoT)

## INDIA

9. Confederation of Indian Industry (CII)
10. Federation of Indian Chambers of Commerce and Industry (FICCI)
11. Federation of Indian Micro and Small and Medium Enterprises (FISME)

## MALDIVES

12. Maldives National Chamber of Commerce and Industries (MCCI)
13. Ministry of Economic Development (MoED)

## NEPAL

14. Confederation of Nepalese Industries (CNI)
15. Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
16. Federation of Nepal Cottage and Small Industries (FNCSI)
17. Ministry of Commerce (MoC)
18. Trade and Export Promotion Centre (TEPC)

## PAKISTAN

19. Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
20. Lahore Chamber of Commerce and Industry (LCCI)
21. Small and Medium Enterprises Development Authority (SMEDA)

## SRI LANKA

22. Ceylon Chamber of Commerce (CCC)
23. Department of Commerce (DoC)
24. Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL)
25. National Chamber of Commerce of Sri Lanka (NCCSL)

## SAARC REGIONAL ORGANISATIONS

26. SAARC Chamber of Commerce and Industry (SCCI)
27. SAARC Chamber Women Entrepreneurs Council (SCWEC)

# Contents

<b>Chapter 1: Introduction .....</b>	<b>1</b>
1.1. BACKGROUND .....	2
1.2. INTRA-REGIONAL TRADE IN SOUTH ASIA .....	2
1.3. REGIONAL INTEGRATION AND NTMs IN SOUTH ASIA: REVIEW OF LITERATURE .....	5
1.4. METHODOLOGY OF DEVELOPING THE POLICY ADVOCACY STRATEGY .....	10
<b>Chapter 2: Designing a Policy Advocacy Strategy in Afghanistan .....</b>	<b>11</b>
2.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN AFGHANISTAN .....	12
Policymakers (Ministries and affiliated organisations).....	12
Business Associations .....	12
Think Tanks .....	13
Media .....	13
2.2. UNDERSTANDING THE SALIENT FEATURES OF AFGHANISTAN'S NTMs .....	13
2.3. UNDERSTADING THE MAJOR NTM ISSUES FOR AFGHAN EXPORTERS IN SOUTH ASIA .....	15
2.4. CREATING A POLICY ADVOCACY GROUP IN AFGHANISTAN.....	15
Formation .....	15
Objectives .....	15
Reaching policymakers .....	16
Current status of policy advocacy on NTMs .....	16
Next step on policy advocacy implementation .....	17
Policy Advocacy Group taking action.....	17
Risk analysis on the advocacy process .....	17
Monitoring and evaluation .....	17
2.5. AN ACTION PLAN .....	19
2.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	20
2.7. A TENTATIVE BUDGET (18 MONTHS) .....	21
<b>Chapter 3: Designing a Policy Advocacy Strategy in Bangladesh .....</b>	<b>23</b>
3.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN BANGLADESH .....	24
Policymakers (Ministries and affiliated organisations) .....	24
Business Associations .....	26
Think Tanks .....	27
Media .....	27
3.2. UNDERSTANDING THE SALIENT FEATURES OF BANGLADESH'S NTMs .....	28
3.3. UNDERSTADING THE MAJOR NTM ISSUES FOR BANGLADESHI EXPORTERS IN SOUTH ASIA .....	29
3.4. CREATING A POLICY ADVOCACY GROUP IN BANGLADESH .....	30
Formation .....	30
Objective .....	30
Reaching policymakers .....	31
Current status of policy advocacy on NTMs .....	31
Next step on policy advocacy implementation .....	31
Policy Advocacy Group taking action.....	32
Risk analysis on the advocacy process .....	32
Monitoring and evaluation .....	32
3.5. AN ACTION PLAN .....	33
3.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	34
3.7. A TENTATIVE BUDGET (18 MONTHS) .....	35

<b>Chapter 4: Designing a Policy Advocacy Strategy in Bhutan .....</b>	<b>37</b>
4.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN BHUTAN .....	38
Policymakers (Ministries and affiliated organisations) .....	38
Business Associations .....	40
Think Tanks .....	40
Media .....	40
4.2. UNDERSTANDING THE SALIENT FEATURES OF BHUTAN'S NTMs .....	40
4.3. UNDERSTADING THE MAJOR NTM ISSUES FOR BHUTANESE EXPORTERS IN SOUTH ASIA .....	42
4.4. CREATING A POLICY ADVOCACY GROUP IN BHUTAN .....	42
Formation .....	42
Objectives .....	42
Reaching policymakers .....	43
Current status of policy advocacy on NTMs .....	44
Next step on policy advocacy implementation .....	44
Policy Advocacy Group taking action.....	44
Risk analysis on the advocacy process .....	44
Monitoring and evaluation .....	44
4.5. AN ACTION PLAN .....	46
4.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	47
4.7. A TENTATIVE BUDGET (18 MONTHS) .....	48
<b>Chapter 5: Designing a Policy Advocacy Strategy in India .....</b>	<b>49</b>
5.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN INDIA .....	50
Policymakers (Ministries and affiliated organisations) .....	50
Business Associations .....	51
Think Tanks .....	52
Media .....	53
5.2. UNDERSTANDING THE SALIENT FEATURES OF INDIA'S NTMs .....	53
5.3. UNDERSTADING THE MAJOR NTM ISSUES FOR INDIAN EXPORTERS IN SOUTH ASIA .....	55
5.4. CREATING A POLICY ADVOCACY GROUP IN INDIA .....	56
Formation .....	56
Objectives .....	56
Reaching policymakers .....	56
Current status of policy advocacy on NTMs .....	57
Next step on policy advocacy implementation .....	57
Policy Advocacy Group taking action.....	57
Risk analysis on the advocacy process .....	58
Monitoring and evaluation .....	58
5.5. AN ACTION PLAN .....	59
5.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	60
5.7. A TENTATIVE BUDGET (18 MONTHS) .....	61
<b>Chapter 6: Designing a Policy Advocacy Strategy in Maldives .....</b>	<b>63</b>
6.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN MALDIVES .....	64
Policymakers (Ministries and affiliated organisations) .....	64
Business Associations .....	64
Think Tanks .....	65
Media .....	65
6.2. UNDERSTANDING THE SALIENT FEATURES OF MALDIVES'S NTMs .....	65

6.3. UNDERSTADING THE MAJOR NTM ISSUES FOR MALDIVIAN EXPORTERS IN SOUTH ASIA .....	67
6.4. CREATING A POLICY ADVOCACY GROUP IN MALDIVES .....	67
Formation .....	67
Objectives .....	67
Reaching policymakers .....	68
Current status of policy advocacy on NTMs .....	68
Next step on policy advocacy implementation .....	68
Policy Advocacy Group taking action.....	69
Risk analysis on the advocacy process .....	69
Monitoring and evaluation .....	69
6.5. AN ACTION PLAN .....	70
6.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	71
6.7. A TENTATIVE BUDGET (18 MONTHS) .....	72
<b>Chapter 7: Designing a Policy Advocacy Strategy in Nepal .....</b>	<b>73</b>
7.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN NEPAL .....	74
Policymakers (Ministries and affiliated organisations) .....	74
Business Associations .....	76
Think Tanks .....	76
Media .....	76
7.2. UNDERSTANDING THE SALIENT FEATURES OF NEPAL'S NTMs .....	77
7.3. UNDERSTADING THE MAJOR NTM ISSUES FOR NEPALESE EXPORTERS IN SOUTH ASIA .....	78
7.4. CREATING A POLICY ADVOCACY GROUP IN NEPAL .....	79
Formation .....	79
Objectives .....	79
Reaching policymakers .....	79
Current status of policy advocacy on NTMs .....	80
Next step on policy advocacy implementation .....	80
Policy Advocacy Group taking action.....	80
Risk analysis on the advocacy process .....	80
Monitoring and evaluation .....	81
7.5. AN ACTION PLAN .....	82
7.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	83
7.7 A TENTATIVE BUDGET (18 MONTHS) .....	84
<b>Chapter 8: Designing a Policy Advocacy Strategy in Pakistan .....</b>	<b>85</b>
8.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN PAKISTAN .....	86
Policymakers (Ministries and affiliated organisations) .....	86
Business Associations .....	87
Think Tanks .....	88
Media .....	89
8.2. UNDERSTANDING THE SALIENT FEATURES OF PAKISTAN'S NTMs .....	90
8.3. UNDERSTADING THE MAJOR NTM ISSUES FOR PAKISTANI EXPORTERS IN SOUTH ASIA .....	91
8.4. CREATING A POLICY ADVOCACY GROUP IN PAKISTAN .....	91
Formation .....	91
Objectives .....	91
Reaching policymakers .....	92
Current status of policy advocacy on NTMs .....	93
Next step on policy advocacy implementation .....	93
Policy Advocacy Group taking action.....	93

Risk analysis on the advocacy process .....	93
Monitoring and evaluation .....	93
8.5. AN ACTION PLAN .....	95
8.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	96
8.7 A TENTATIVE BUDGET (18 MONTHS) .....	97
<b>Chapter 9: Designing a Policy Advocacy Strategy in Sri Lanka .....</b>	<b>99</b>
9.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN SRI LANKA .....	100
Policymakers (Ministries and affiliated organisations) .....	100
Business Associations .....	100
Think Tanks .....	101
Media .....	102
9.2. UNDERSTANDING THE SALIENT FEATURES OF SRI LANKA'S NTM .....	102
9.3. UNDERSTADING THE MAJOR NTM ISSUES FOR SRI LANKAN EXPORTERS IN SOUTH ASIA .....	103
9.4. CREATING A POLICY ADVOCACY GROUP IN SRI LANKA .....	104
Formation .....	104
Objectives .....	104
Reaching policymakers .....	104
Current status of policy advocacy on NTMs .....	105
Next step on policy advocacy implementation .....	105
Policy Advocacy Group taking action.....	105
Risk analysis on the advocacy process .....	105
Monitoring and evaluation .....	106
9.5. AN ACTION PLAN .....	107
9.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP .....	108
9.7. A TENTATIVE BUDGET (18 MONTHS) .....	109
<b>Chapter 10: Designing a Policy Advocacy Strategy in South Asia .....</b>	<b>111</b>
10.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN SOUTH ASIA .....	112
Policymakers (Ministries and affiliated organisations) .....	112
Business Associations .....	112
Think Tanks .....	113
Media .....	113
10.2. CREATING A POLICY ADVOCACY GROUP IN SOUTH ASIA .....	113
Formation .....	113
Objectives .....	113
Reaching policymakers .....	114
Current status of policy advocacy on NTMs .....	114
Next step on policy advocacy implementation .....	114
Policy Advocacy Group taking action.....	114
Risk analysis on the advocacy process .....	115
Monitoring and evaluation .....	115
10.3. AN ACTION PLAN .....	116
<b>Annexes .....</b>	<b>117</b>
Brief description on NTM desks .....	118
Monitoring Matrix .....	119
<b>References .....</b>	<b>120</b>
<b>List of people contacted .....</b>	<b>122</b>
<b>About the Author .....</b>	<b>126</b>

## List of Tables

- Table 1: Intra-regional Trade in South Asia in 2014
- Table 2: An action plan for the policy advocacy in Afghanistan
- Table 3: An action plan for the policy advocacy in Bangladesh
- Table 4: An action plan for the policy advocacy in Bhutan
- Table 5: An action plan for the policy advocacy in India
- Table 6: An action plan for the policy advocacy in Maldives
- Table 7: An action plan for the policy advocacy in Nepal
- Table 8: An action plan for the policy advocacy in Pakistan
- Table 9: An action plan for the policy advocacy in Sri Lanka
- Table 10: An action plan for the regional policy advocacy in South Asia

## List of Figures

- Figure 1: Country-wise share (%) in Intra-SAARC Imports and Exports in 2011

# List of Acronyms

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
B2B	Business to Business
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
DFID	Department for International Development
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GTAP	Global Trade Analysis Project
HRD	Human Resource Development
HS code	Harmonised System code
ILO	International Labour Organisation
IMF	International Monetary Fund
IP	Intellectual Property
IPO	Import Policy Order
ISO	International Organisation for Standardisation
ITC	International Trade Centre
LDC(s)	Least Developed Country(ies)
LIC(s)	Listed Investment Companies
MLA	Multilateral Recognition Arrangement
M&E	Monitoring and Evaluation
MNC(s)	Multinational Corporation(s)
MRA	Mutual Recognition Arrangement
MSME(s)	Micro, Small and Medium Enterprises
NAFTA	North American Free Trade Agreement
NGO(s)	Non-Governmental Organisation(s)
NTB(s)	Non-Tariff Barrier(s)
NTM(s)	Non-Tariff Measure(s)
PAG	Policy Advocacy Group
RMG	Ready Made Garments
Roo	Rules of Origin
RTA	Regional Trade Agreement
SAARC	South Asian Association for Regional Cooperation
SAARC-TPN	SAARC Trade Promotion Network
SCCI	SAARC Chamber of Commerce and Industry
SAFTA	South Asian Free Trade Area
SAFTA COE	SAFTA Committee of Experts
SAPTA	South Asian Preferential Trade Arrangement
SME(s)	Small and Medium Enterprise(s)
SPS	Sanitary and Phytosanitary
TBT(s)	Technical Barriers to Trade
TOR	Terms of Reference
UNCTAD	United Nations Conference on Trade and Development
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNICEF	United Nations Children's Emergency Fund
UNIDO	United Nations Industrial Development Organisation
WTO	World Trade Organisation
WG	Working Group
WG-HCD	Working Group Human Capacity Development
WG-RTF	Working Group Regional Trade Facilitation





# **CHAPTER 1**

# **Introduction**

## 1.1. BACKGROUND

Raihan et al (2014) argued that in the initial years of the formation of the South Asian Association for Regional Cooperation (SAARC) in the 1980s, the popular hypothesis for the reason behind limited intra-regional trade was the prevailing high tariff rate among the member countries. High tariff rates have come down substantially over the years since the formation of SAARC due to increased globalisation of trade, and the establishment of both, the World Trade Centre (WTO) regime, and the South Asian Free Trade Area (SAFTA). Despite significant reduction in tariff rates in the region, intra-SAARC trade has remained quite static at about only 5 percent of total regional trade. Based on these findings, the hypothesis emerged, that Non-Tariff Measures (NTMs) and the resulting trade barriers, i.e., Non-Tariff Barriers (NTBs), are the main reasons behind limited intra-regional trade. This view is widely reflected in many contemporary studies and documents.

The objective of the assignment is to develop a two tier – national and regional level policy advocacy strategy for dealing with NTMs, and to promote intra-regional trade in the SAARC region. The prepared strategy will serve as a blueprint or model for policy advocacy at the national level and also as a reference material for organisations and institutions working for trade promotion in the region. However, the relevant stakeholders will have the liberty to customise the proposed strategy.

Policy advocacy is the process of negotiating and mediating a dialogue through which influential networks, opinion leaders, and ultimately, decision makers take ownership of the advocates' ideas,

## 1.2. INTRA-REGIONAL TRADE IN SOUTH ASIA<sup>2</sup>

The significance of intra-regional trade among the South Asian countries is low. Throughout the 1990s the share has been less than 4 percent. There were some encouraging trends in the 2000s, with the proportion of trade within South Asia in the region's global trade rising to more than 6 percent in 2003. More recently, however, the share has hovered around the 5 percent mark. Compared to other regional bodies such as NAFTA, ASEAN, and EU, intra-regional trade in South Asia remains very low.

Table 1 records regional exports as a percentage of a country's total exports. The shares vary widely, from

evidence, and proposals, and subsequently act upon them. In this definition, a great emphasis is placed on the idea of the transfer of ownership of core ideas and thinking. In essence, this implies preparing decision makers and opinion leaders for the next policy window or even pushing them to open one in order to take action. If advocates do their job well, decision makers will take the ideas that have been put forward and make changes to the current policy approach in line with that thinking.<sup>1</sup>

The rationale of the assignment is to identify executable action plans and ways for the implementation of Policy Advocacy Strategy to achieve the goal of dealing with NTBs in the SAARC region. This will create options for i) concrete and specific measures to be undertaken by SAARC Trade Promotion Network (SAARC-TPN) members ii) identification of possible implementing agencies and channels iii) in the long run- will lead to better-informed dialogue and policy for harmonisation, streamlining, and reform in SAARC among stakeholders for intraregional trade. The strategy will be implemented by the members of the SAARC-TPN. The strategy can also be used and implemented by any other relevant stakeholders working in the promotion of trade in the region, not limiting to any time period. This strategy can be very helpful in a greater understanding of the NTB issues in South Asia, the ways to deal with them and facilitate intra-regional trade. The target groups of this strategy are the policy advocates in each of the countries in South Asia working on regional integration issues, which include the research organisations, NGOs, think tanks and media.

74 percent in the case of Bhutan to only 2 percent for Bangladesh and 7 percent for India and Maldives. Intra-regional exports account for 61 and 62 percent, respectively, of Afghanistan's and Nepal's total exports. Similar to exports, there are wide variations in the relative importance of intra-regional imports for SAARC countries. Approximately 73 percent of Bhutan's imports and 52 percent of Nepal's imports are from SAARC countries. In sharp contrast, only one percent of India's imports are from other SAARC member countries; low intra-regional dependency is also evident for Pakistan, where imports from other SAARC member countries account for only 4 percent of total imports.

<sup>1</sup> <http://advocacyguide.icpolicyadvocacy.org/21-defining-policy-advocacy>

<sup>2</sup> Raihan (2014)

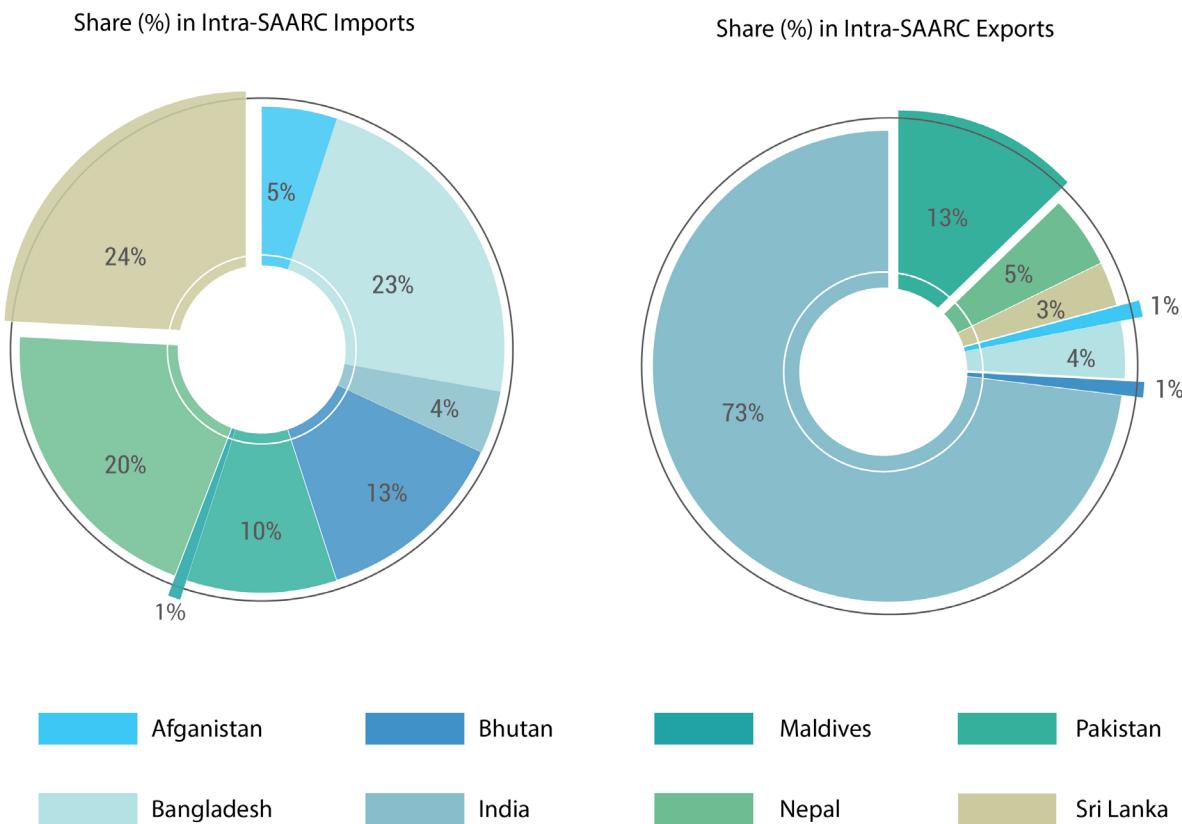
**Table 1:** Intra-regional Trade in South Asia in 2014

From	To	Thousand US\$								Regional export as % of country's total export
		Afghanistan	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka	
Afghanistan	0	1820	0	220129	0	0	0	177582	24	399555
Bangladesh	4977	0	2949	461964	0	14212	53466	21146	558713	30199025
Bhutan*	0	22985	0	383000	0	4782	304	0	411072	555000
India	443055	6579875	749000	0	139835	4405078	2181823	6433181	20931847	317733218
Maldives	0	409	0	4061	0	0	10	8802	13282	191716
Nepal	0	20044	3379	547310	12	0	1247	32	572023	919640
Pakistan	2221769	494037	0	481204	5838	1157	0	253976	3457981	27052102
Sri Lanka	159	89849	12	610294	88632	4824	73173	0	866943	10923239
Total exports									27211415	388233348
Total intra-regional imports	2669960	7209019	755340	2707963	234317	4430052	2487604	6717160	27211415	
Total Imports	7990761	45610279	1040000	460512283	1700454	8486418	58945173	20537789	604823157	
Regional imports as % of country's total imports	33	16	73	1	14	52	4	33	4	

Source: Raihan (2015)

Data source: IMF, Direction of Trade Statistics (DOTS). The data for Bhutan is mirror data from ITC and <http://stat.wto.org/CountryProfile/WSDBCountryPFIew.aspx?Language=EandCountry=BT>.

**Figure 1:** Country-wise share (%) in Intra-SAARC Imports and Exports in 2011



Total exports of a SAARC member country as a percentage of total exports of all eight SAARC member countries is a measure of their relative trade openness and size. India accounts for 65 percent of the region's combined total exports. Pakistan accounts for 21 percent while Afghanistan and the Maldives together

account for only about one percent. In terms of imports, Sri Lanka accounts for 24 percent of total intra-regional imports, followed closely by Bangladesh at 22 percent. Bhutan and Maldives account for only one percent of total imports by SAARC member countries.

## 1.3. REGIONAL INTEGRATION AND NTMs IN SOUTH ASIA: REVIEW OF LITERATURE<sup>3</sup>

In trade theory, welfare effects of any Regional Trade Agreement (RTA) are analysed using two concepts: trade creation and trade diversion. The overall welfare effects of economic integration are ambiguous and require case-by-case judgment. The fundamental arguments for regionalism rest on the evidences which suggest RTAs to be predominantly trade-creating (Rodriguez-Delgado, 2007). Krugman (1991) argued that most RTAs are likely to entail relatively low welfare losses resulting from trade diversion, since the countries involved are often geographical neighbours and hence already engage in a sizable amount of trade. It is also argued that through RTAs countries can 'lock-in' reform, which is often politically not feasible under multilateralism. Whalley (1996), for example, asserted that a desire for increased credibility of domestic reforms was a central preoccupation behind the Mexican negotiating position on NAFTA. Also, failure or stalemate of the multilateral trade talks means trade liberalisation can only take place through RTAs. It is highlighted that countries can build on the progress of regionalism and can ultimately move toward a freer trade regime on the whole.

There are, however, some critical arguments against the formation of any RTA. It is alleged that through RTAs the spirit of multilateralism is undermined. It is argued that the world might be divided into a few protectionist blocs and protectionists might accept RTAs to oppose further multilateral liberalisation. Therefore, RTAs might work as stumbling block rather than building blocs for multilateralism. Also, the 'spaghetti bowl' effect can emerge because of many complicated simultaneous RTA negotiations.<sup>4</sup> RTAs also discriminate against the non-member countries, and even LDCs could seriously be discriminated against due to the RTAs among the developed and developing countries. Furthermore, RTAs distort resource allocation, favoring regional producers to the potential detriment of local consumers (Rodriguez-Delgado, 2007). Research on RTAs also emphasised on the global consequences of multiple and overlapping RTAs in terms of the transaction costs they impose (Feridhanusetyawan, 2005). It is

further put forward that resources in trade ministries are limited. Therefore, too much involvement in RTA negotiations may distract attention from multilateral liberalisation.

Baysan et al (2006) argued that the economic case for SAFTA was relatively weak. The authors argued that SAFTA would be economically unattractive as the economies are relatively small in relation to the world both in terms of the GDP and trade flows, the probability that the Free Trade Agreement (FTA) is likely to be largely trade diverting is quite high, and the political economy of the selection of excluded sectors and Rules of Origin (RoO). However, those who argue for SAFTA state that despite the little volume through formal channel, substantial trade is already taking place in South Asia with informal trade amounting to a large proportion of overall trade. Taking into account the informal trade the 'real' intra-regional trade would be anywhere between 8-10 percent. Although studies have shown that there are limited complementarities in the SAARC region, it is argued that this was also the case in ASEAN during the mid-1970s, and that dormant complementarities in the region could be invigorated by intra-regional investment and Foreign Direct Investment (FDI).<sup>5</sup> They also argue the cost of non-cooperation to be quite high (CUTS, 2012; RIS, 2004 and 1999; GEP, 1998; CUTS, 1996).

Gravity models, for the analysis of any RTA, have been used widely to predict the impact of the agreements on the bilateral trade flows. The studies that employ the gravity model include Srinivasan and Canonero (1995), Sengupta and Banik (1997), Hassan (2001), Coulibaly (2004), Hirantha (2004), Tumbarello (2006), Rahman (2003), Rahman et al (2006) and Rodriguez-Delgado (2007). The findings of these studies have been mixed. For example, studies by Srinivasan and Canonero (1995), Sengupta and Banik (1997) predicted that the impact of a South Asian FTA on trade flows would be small for India but much larger on the smaller countries. Sengupta and Banik (1997) predicted a 30 percent increase in the official intra-SAARC trade and as much as 60 percent if

<sup>3</sup>Raihan (2015)

<sup>4</sup>See Bhagawati and Panagariya (1996).

<sup>5</sup>Intra-regional trade in ASEAN was close to 6 per cent in the mid-1970s, but now has increased to around 23 per cent. ASEAN too was characterized by limited complementarities at the beginning but the situation changed with preferential trading, FDI and intra-regional investment (SACEPS, 2002).

illegal trade became a part of official trade. Coulibaly (2004) found net export creation, and Tumbarello (2006) and Hirantha (2004) found net trade creation from South Asian Preferential Trade Arrangement (SAPTA). On the other hand, Hassan (2001) found a net trade diversion effect from SAPTA, while Rahman (2003) found the dummy variable for South Asia to be insignificant, indicating that regional integration is unlikely to generate significant trade expansion in this region. Rahman et al (2006) found that there was significant intra-bloc export creation in SAPTA; at the same time, however, there was evidence of net export diversion in SAPTA. Rodríguez-Delgado (2007) predicted that SAFTA would have a minor effect on regional trade flows.

The major partial equilibrium studies on RTA in South Asia are by Govindan (1994), DeRosa and Govindan (1995), Pursell (2004), World Bank (2006) and Raihan (2011). Govindan (1994) showed that preferential liberalisation would generate welfare gains through increased trade in food within the region. The analysis by DeRosa and Govindan (1995), however, showed that the welfare gains were much higher when the member countries also go for unilateral liberalisation on a non-discriminatory basis. A partial equilibrium analysis on the cement industry by Pursell (2004) suggested that the preferential liberalisation of the cement industry between India and Bangladesh would lead to substantial gains through increased competition within the regional market. The World Bank (2006) provided a comparative assessment on bilateral FTA between Bangladesh and India with respect to a few industries like cement, light bulbs, sugar, and ready-made garments (RMGs). The partial equilibrium simulation results suggested that in the case of cement, lights bulbs and sugar the likely effects of an FTA between Bangladesh and India seemed to be an expansion of Indian exports to Bangladesh, but no exports from Bangladesh to India. This was mainly because Indian export prices for these products were substantially lower than ex-factory before-tax prices of the same or similar products in Bangladesh. The simulations for RMGs predicted increased Bangladeshi exports to India, but also increased RMG exports from India to Bangladesh. The study found that a FTA would bring large welfare gain for consumers in Bangladesh provided there was adequate expansion of infrastructure and administrative capacity at custom borders. The study simultaneously cautioned that the benefits of such a FTA to Bangladesh could be wiped out if it had the effect of keeping out cheaper third-country imports, i.e., from East Asia, and such trade diversion costs could be huge. The study

### 'SPAGHETTI BOWL' EFFECT

Refers to the complication which arises from the application of domestic rules of origin in the signing of free trade agreements across nations.

### GRAVITY MODELS

Predicts bilateral trade flows based on the economic sizes (often using GDP measurements) and distance between two countries.

### PARTIAL EQUILIBRIUM ANALYSIS

Partial equilibrium analysis examines the effects of policy action in creating equilibrium only in that particular sector or market which is directly affected.

### COMPUTABLE GENERAL EQUILIBRIUM (CGE)

CGE models use actual economic data to estimate how an economy might react to changes in policy, technology or other external factors.

suggested that the only way to minimise the trade diversion costs would be through further unilateral liberalisation.

Raihan (2011) applied the WITS/SMART partial equilibrium model to explore the trade effects of SAFTA on the member countries. The study showed that under a full implementation of SAFTA, some of the South Asian countries would be able to increase their exports within the region quite substantially. India would appear to be the largest gainer as its exports to this region would increase by US\$ 858 million. For Pakistan, Bangladesh and Nepal the rises in exports would be US\$ 169 million, US\$ 122 million and US\$ 90 million respectively. Sri Lanka's exports to the region would rise, but because of the India-Sri Lanka bilateral FTA its exports to the Indian market would rise only in small amounts. The study also showed that for all countries, excluding Maldives and Sri Lanka, the rise in their exports to India would constitute major shares of the rise in their total exports to the region. Raihan (2011), however, showed that much of the potential of the rise in exports among the South Asian countries would be restricted by the presence of stringent sensitive list under SAFTA.

The studies based on the Computable General Equilibrium (CGE) model predicted the effects of the trading arrangement on all variables including production, consumption, trade flows in all sectors of the economy as also on welfare. The studies that apply the CGE model to SAFTA analysis are Pigato et al. (1997), Bandara and Yu (2003) and Raihan and Razzaque (2007). All these three studies employed the Global Trade Analysis Project (GTAP) database and model, though they differ in details due to the evolution of the GTAP data itself. Pigato et al (1997) found that SAFTA would produce benefits for member nations though unilateral trade liberalisation which would yield larger gains. The study by Bandara and Yu (2003) found that, in terms of real income, SAFTA would lead to gains for India and Sri Lanka, while Bangladesh would lose. The authors also endorse the view that South Asian countries might gain much more from unilateral trade liberalisation and multilateral liberalisation than from SAFTA. Raihan and Razzaque (2007), using the GTAP model, suggested that all South Asian countries, except Bangladesh, would gain from SAFTA. Bangladesh would incur a net welfare loss from the SAFTA scenario as for Bangladesh the negative trade diversion effect would be larger than the positive trade creation effect.

**Despite low tariff rates, intra-regional trade has remained quite stagnant. NTMs have been identified as the major reasons behind low intra-regional trade.**

Despite the fact that tariffs rates in the South Asian countries, especially in India, have been coming down in recent times, intra-regional trade has not been boosted. NTBs among the South Asian countries have long been pointed out as one of the major reasons behind the low intra-regional trade in South Asia. It can thus be argued that a reduction in NTMs among the South Asian countries is likely to have important implications in terms of improved market access of these countries to their neighbours.

A study on the bilateral trade between India and Pakistan by Taneja (2007) showed that there is a large untapped trade potential between the two countries. However, there were major concerns of NTMs/NTBs regarding the bilateral trade between these countries. The study mentioned that complaints were made by the trade representatives and the government in Pakistan about India's imposition of several NTMs/NTBs on Pakistani imports, whereas Indian academia, policymakers and trade representatives argued that the positive list approach by Pakistan on Indian imports restricted market access of Indian goods into Pakistan. The broad categories within which barriers were identified, included positive list approach, technical barriers to trade and sanitary and phytosanitary measures, trade facilitation and customs procedures, financial measures, para-tariff measures and visas.

Hussain (2009) argued that NTMs/NTBs, even in the absence of formal tariffs, could be a major constraint to trade liberalisation in South Asia. He iterated that the Group of Eminent Persons report had proposed the elimination of NTMs/NTBs within seven years of the signing of SAFTA, yet NTBs remained quite high in South Asia and the SAFTA had not adequately addressed this issue. The agreement merely stipulated that member countries would 'inform' the SAARC Secretariat of all 'non-tariff and para-tariff measures' which would be reviewed by the SAARC Committee of Experts, and recommendations to reduce such trade restrictions would be taken into consideration. And there was no binding commitment for countries within the terms of SAFTA to eliminate NTMs/NTBs.

The ADB-FICCI (2010) study also highlighted that though SAARC made steady progress toward liberalising its trade regime through progressively lowering tariff rates over time, the decline in tariffs as a result of regional, bilateral, and unilateral liberalisation shifted the focus to NTMs/NTBs as alarming measures of protection and regulatory policy instruments. The study pointed out that as

tariff and quantitative restrictions on trade had been progressively reduced, other trade costs arising from regulatory burden, inadequate infrastructure, and generally inefficient customs procedures and logistics of moving goods across borders had become much more significant. The study suggested that inadequate infrastructure and cumbersome regulatory environment would cost trade substantially higher than those from tariff barriers.

Rahman (2010) highlighted that whilst SAFTA has made some headway in moving towards duty-free access for tradable goods, NTMs/NTBs issues have tended to remain relatively less-addressed within the context of the SAARC. He emphasised that if regional cooperation had to be deepened through vertical integration and promoting cross-border supply-chains, NTMs/NTBs in South Asia would need to be addressed adequately with due importance, as NTMs/NTBs would pose the next major challenges to strengthening regional economic and trade cooperation in South Asia.

Raihan (2011), in his study on economic corridors in South Asia, showed that there would be significant prospects for the rise of intra-regional trade among the four eastern South Asian countries. The paper argued that the gains from reduction in trade transaction costs would be much bigger than the gains from tariff liberalisation. The study emphasised the importance of removal of such non-tariff trade barriers to generate significant rise in trade among these countries.

De, Raihan and Kathuria (2012), in their study on India and Bangladesh bilateral trade, identified a number of NTMs/NTBs in both the countries and highlighted that a bilateral FTA between India and Bangladesh would increase their bilateral trade significantly if transaction costs were also reduced through the reduction in NTMs/NTBs. The study mentioned that presence of NTMs/NTBs in both countries would restrict the realisation of most of the bilateral trade development potentials.

Raihan and De (2013) and De, Raihan and Ghani (2013), while analysing India and Pakistan bilateral trade, identified several NTMs/NTBs restricting the potentials of the rise in bilateral trade between these two countries. These studies suggested that in addition to rationalising import duties, these two countries should eliminate quantitative restrictions, regulatory duties, and other para-tariffs, as well as several other measures that had been restricting trade in the past. Despite the fall in average tariffs, trade

restrictiveness of both India and Pakistan had been heavily triggered by the large volume of NTMs/NTBs. In promoting trade between India and Pakistan, the major stumbling block had been the presence of such NTMs/NTBs. Deeper cooperation between India and Pakistan could potentially result in significant reductions of these barriers.

Raihan et al (2014) provided an inventory of NTMs for each SAARC country at the 6-digit harmonised system (HS code) level and also specified country specific lists of products for which the country had export capacity, even though actual regional export was limited or non-existent, and identified the relevant NTMs on those products. Using the GTAP model, the report also presented a simulation of possible gains from reduction in transaction costs in bilateral trade in South Asia. A monitoring and reporting template for NTMs was developed and a framework for monitoring and reporting of NTMs was proposed using the template as a tool. Finally, the study came up with a set of recommendations that addressed the policy making at the functional levels. The major recommendations made by the study include developing a lobby and advocacy agenda for reducing and eliminating trade cost arising from unnecessary NTMs; establishing a benchmark for NTMs to be

carried out by NTM desks that are set up as the basis of advocacy agenda; harmonising standards for both Technical Barriers to Trade (TBTs) / Sanitary and Phytosanitary (SPS) measures; creating a forum for regular interactions between the key government officials and trade bodies on NTM issues, particularly the procedural ones; and initiating a study in near future to review the Priority Products identified in the context of 'SAFTA Sensitive List' in order to achieve a deeper understanding of each country's defensive and offensive trade and economic interests, which is a prerequisite for reaching regional economic integration.

The upshots of the aforementioned review of different studies indicate to the fact that high trade costs, related to different non-tariff issues, are increasingly becoming more prominent in the discussions and negotiations on promoting regional trade in South Asia. However, there is a lack of clear understanding on the NTMs issues among the major stakeholders in almost all South Asian countries. The policy advocacy strategy has the objective of facilitating better understanding of NTM issues to deal with these issues and to reduce the trade costs in South Asia.

## 1.4. METHODOLOGY OF DEVELOPING THE POLICY ADVOCACY STRATEGY

The policy advocacy strategy for reduction in NTMs in each of the South Asian countries is developed using the following steps:

**Step 1: Identifying the major stakeholders in country 'X'**

- Policymakers (Ministries and affiliated organisations)
- Business associations
- Think tanks
- Media

**Step 2: Understanding the salient features of NTMs in country 'X'**

**Step 3: Understanding the major NTM issues for exporters of country 'X' in South Asia**

**Step 4: Create an advocacy group for policy advocacy in country 'X' with answers of the following questions:**

1. How can this advocacy group be formed in country 'X'?
2. What should be the objectives of the Policy Advocacy Group in country 'X'?
3. Who in country 'X' can make these objectives to be fulfilled?
4. What do the policymakers in country 'X' need to hear from the advocacy group?
5. Whom do the policymakers in country 'X' need to hear it from?
6. How can the Policy Advocacy Group in country 'X' make sure that the policymakers hear it?
7. What is the current status of policy advocacy in country 'X' on NTMs?
8. What does the policy advocacy process need in country 'X'?
9. How does the Policy Advocacy Group in country 'X' begin to take action?
10. How to know that the policy advocacy in country 'X' is working?
11. What are the risks involved in the advocacy process in country 'X'?

**Step 5: Develop an action plan for the policy advocacy in country 'X'**

The aforementioned policy advocacy strategies have been derived from our interactions with different stakeholders in eight South Asian countries, through country visits in Bangladesh, India, Sri Lanka and Nepal, an online survey, personal interviews, and telephone and email communications.<sup>6</sup>

### HARD FACTS

**5%**

Intra-regional trade within SAARC hovers at only 5% making it the least integrated region in the world.

Trade integration varies tremendously from country to country:

**74% | 2%**

74% of Bhutan's overall export are within the SAARC, while Bangladesh stands at only 2%

SAARC members differ significantly in terms of the sizes of their economy:

**65% | 1%**

India accounts for 65% of the region's total export to the world, while Maldives reaches only 1%

Potential trade gains from complete integration:

**INDIA \$858M**

**PAKISTAN \$169M**

**BANGLADESH \$122M**

**NEPAL \$90M**

<sup>6</sup>Please refer to the Annex for a detailed list of the sources consulted.

## CHAPTER 2

# Designing a Policy Advocacy Strategy in Afghanistan



## 2.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN AFGHANISTAN

### 2.1.1. POLICYMAKERS (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Ministry of Commerce and Industries:** The Ministry of Commerce and Industries (MOCI) of Afghanistan is one of the major and basic organs of the government. It is committed to “free economy market” and advocates for the private sector as an effective way for the welfare and serendipity of Afghanistan. This Ministry has passed long destinations for its capacity buildings to play its new role actively. The Ministry plays the lead role, in case issues related to regional trade negotiations and domestic tariffs come up.

**Ministry of Finance:** The Ministry of Finance of Afghanistan is responsible for: the implementation and execution of the budget; the collection of taxes; the organisation, and control of public expenses in Afghanistan; and the monitoring of the management of the Custom Affairs. This Ministry also has an important role in case issues related to regional trade negotiations and domestic tariff and para tariff issues come up.

**Ministry of Foreign Affairs:** The Ministry of Foreign Affairs of the Government of Afghanistan is responsible for managing the foreign relations of Afghanistan. This Ministry is responsible for organising the SAARC Summit and perusing bilateral and regional cooperation issues in South Asia.

**Ministry of Economy:** The Afghan Ministry of Economy is the Afghan Government Ministry in charge of stimulating the economy of the underdeveloped country.

**Afghanistan Customs Department:** Afghanistan Customs Department (ACD), under the Ministry of Finance, is responsible for collection of customs duty and handling Inland Customs Depots and Border Crossing Points.

**Afghanistan Revenue Department:** Afghanistan Revenue Department (ARD), under the Ministry of Finance, is responsible for collection of different forms of taxes.

**Afghanistan National Standards Authority:** Afghan National Standards Authority (ANSA) was established as an independent standard body functioning under Ministry of Commerce and

Industries. However, in due consideration to the significant role of this institution in economic growth and development, private sector promotion, quality control of commodities and services, consumer protection and environment protection, the Council of Ministers approved ANSA as an independent standard body in the country on August 20, 2007 which was later ratified by Afghan Parliament on February 25, 2008. ANSA has directed its activities to contribute to the quality control of the commodities in compliance to the international standards, environment protection and improving the health and safety of the people.

### 2.1.2. BUSINESS ASSOCIATIONS

**Afghanistan Chamber of Commerce and Industries (ACCI):** The chamber law mandates the ACCI as the leading voice of the private sector to represent domestic and foreign companies in all matters pertaining a conducive environment. During the past decade, Afghan business community has been encouraged to expand their economic activities outside the country. For these companies, the ACCI provides a gateway to foreign markets by organising matchmaking conferences, exhibitions and fairs. The chamber is represented in the developed and emerging markets through its twelve business councils, which connect the Afghan business community with the outside world. Among the target markets are the neighboring countries, Middle and Near East, Europe and the USA. Compared with volumes in trade and imports the Afghan export sector remains small. In the field of export development the ACCI provides a range of services to Afghan traders through the Industry and Export Promotion Department. Among them are the following: preparation and issuing the Certificate of Origin, registering business invoices, offering necessary advice and cooperating in removing trade obstacles inside and outside the country. Furthermore, the chamber supports entrepreneurs to introduce international standards for quality assurance and packaging. Additionally, the department provides reliable and accurate business information from national and international organisations across an array of sectors and provinces, and also provides webinar business conferences with traders overseas through Business Communication Hub in ACCI. The ACCI can take the lead role in policy advocacy for dealing with NTMs in Afghanistan and at the regional level

through its participation at the SAARC Chamber of Commerce and Industries (SCCI).

#### 2.1.3. THINK TANKS

There is no think tank in Afghanistan focusing on regional trade and NTM issues. The major research and analysis on these issues are carried out by the ACCI.

#### 2.1.4. MEDIA IN AFGHANISTAN

The media of Afghanistan includes printing, broadcasting and digital. It is mainly in Pashto and Dari (Afghan Persian) languages. The principal daily newspapers are the state-owned Anis, Arman-e Melli, and the privately owned Afghanistan Group of Newspapers which includes The Daily Outlook Afghanistan (The first Independent English Newspaper of Afghanistan) and The Daily Afghanistan in local languages of Dari and Pashto, Cheragh, founded by first Afghan lady journalist Kathreen Wida in December 2003, Eslah, and Kabul Times and Khaama Press and Eradeh, Hewad, Ittefaq-e Islam, and Shari'at. The circulation of independent print publications has been confined primarily to the Kabul region.

## 2.2. UNDERSTANDING THE SALIENT FEATURES OF AFGHANISTAN'S NTMs

Raihan et al (2014) highlighted that Afghanistan's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on promoting domestic industries and exports thereof, protection of local mineral resources and industries, environment, and perceptions of socio-political-religious and security issues of the policymakers. With a history of devastating wars and internal conflicts spanning over decades, the Afghan policymakers as well as the business community are very actively involved in reformulating and developing strategies, policies, and regulations to promote their industries and trade. However, the size of the economy and international trade is still small. Historically, Afghanistan's trade with the world has been insignificant due to its closed and non-performing economy during long periods of war; but signs of change are visible and currently opened up. Afghanistan's external trade is very much dependent on the neighbouring Pakistan, being the largest trading partner. Afghanistan has an export of 61% and import of 33% within SAARC region

### AFGHANISTAN

61%

Share of total exports  
within SAARC region

Largest trading partner in SAARC  
**Pakistan**

33%

Share of total imports  
within SAARC region

out of its entire global exports and imports in 2014, according to the IMF, Direction of Trade Statistics (DOTS). Being landlocked, Afghanistan's external trade depends heavily on using Pakistan's territory and its port[s]. Still reflecting the residual legacy of a restricted economic regime in the past, contemporary

security concerns, severe challenges of resource allocation, and poor infrastructure, Afghanistan's limited external trade is featured by various licensing requirements, procedural steps, and dependence on its neighbours.

### The salient features of NTMs in Afghanistan

1. 231 categories of mineral products are subject to exports tax, ranging from 2.5% to 100% of their invoice price, on reasons of revenue collection and control over natural resources
2. 9 broad categories of products, i.e., armored vehicles, pharmaceuticals and medical products, narcotics, movies, military equipment, ozone depleting substances, etc. are subject to restricted imports and licensing, on grounds of security, public health, ecological, religious and moral issues
3. 150 TBT and SPS related standards have been developed and enforced in Afghanistan, and products for export and import are subject to compliance with these standards
4. No total ban on any item for either export or import was found, very unique in the SAARC region. However, there is a temporary geographic prohibition on imports of many products, mostly food items from specific countries on SPS grounds, such as, nuclear radiation, mad-cow disease, etc.
5. Several long forms need to be filled up for external trade related transactions, e.g., customs clearance
6. Financial fees and charges are involved for licensing, often in form of post-transaction levies and royalty at pro-rata basis on the invoice price, instead of fees charged at the time of issuing the license

## 2.3 UNDERSTANDING THE MAJOR NTM FOR AFGHAN EXPORTERS IN SOUTH ASIA

Raihan et al (2014) found the following broad categories of NTMs faced by Afghani exporters:

**Port Access Limitations:** Being landlocked, Afghanistan has to get access to land and sea ports of its neighbour Pakistan, for the majority of its external trade. Though there have been recent developments in trade volume and trade relations with its Northern neighbors, i.e., the Central Asian states, the majority of Afghan trade still takes place with and via Pakistan. There is the historical dependence on the ancient Karachi port of Pakistan for Afghan goods accessing to the outside world. Due to security reasons, Afghan shipments accessing the Karachi port and goods from other countries meant for Afghan imports via the Karachi port, are subject to long and thorough inspection by Pakistani officials, causing delays and consequent extra cost for Afghan exports and imports. Afghan policymakers and traders are seriously thinking about decreasing the historical dependence

on the Karachi port and find alternatives, such as the Chaw Bahar port under development in Iran.

**SPS Restrictions:** SPS measures are in place related to packaging, labeling, certifications, and conformity assessments, or other restrictions pertaining mostly to fruit and food products.

**Miscellaneous Payment Requirement:** The mandatory bank guarantee covering part or all of the duties and taxes on the truck carrying Afghan goods passing through Pakistan territory adds to the cost of doing business for Afghanistan. Additionally, there is a requirement of advance payment of 10% of the value of goods in collateral as customs security for goods meant for transhipment to 3<sup>rd</sup> countries via Pakistani territory, adding cost of doing business, though this amount is adjusted later once the transhipment consignment reached the destination in 3<sup>rd</sup> country.

## 2.4. CREATING A POLICY ADVOCACY GROUP IN AFGHANISTAN

### Formation

The case of Afghanistan is different from most of the South Asian countries, as there is no active research organisation or think tank working on regional trade or NTM issues. Therefore, the advocacy group in Afghanistan will consist of active advocates from three different stakeholders (i.e. policymakers, business association and media). The composition of the advocacy group could be as follows:

1. A representative from the ACCI, as the convener
2. A relevant representative from the Ministry of Commerce
3. A representative from a leading media working on regional trade and NTM issues.

The policy advocacy group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group. An NTM desk, supported by the SAARC-TPN, has been established at the ACCI. See Annex 1 for elaborated information on the NTM desks. This NTM desk can work as the platform for the advocacy group. NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### Objectives

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in other South Asian countries which exporters from Afghanistan face. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Afghanistan which the Afghani importers encounter.

### Relevant stakeholders

As far as the market access of the Afghan exporters to other countries is concerned, many of these NTMs can be solved either through bilateral negotiations, or more effectively under regional initiatives; In this case relevant policy makers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be addressed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members represent the Ministries of Commerce and Ministries of Finance from all eight South Asian countries. The Policy Advocacy Group in Afghanistan should maintain close links with the representatives of the Ministry of Commerce and the Ministry of Finance of

the Government of Afghanistan and assist them in the regular analysis of NTMs the Afghan exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain close links with the Ministry of Foreign Affairs.

In the case of NTMs in Afghanistan, which the importers in Afghanistan face, the policy advocacy should be directed at different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Ministry of Commerce and Ministry of Finance and other forms of SPS and TBT related issues are dealt by the Afghanistan National Standards Authority (ANSA). In the case of infrastructural related issues at the land custom stations, Afghanistan Customs Department (ACD) should be addressed for any policy advocacy.

### Reaching policymakers

#### WHO

The policymakers need to hear very clear analyses, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendation should be avoided, as it may render the advocacy ineffective. The analysis should address how much of the problems originating from any NTM has to be solved by the partner country and how much of it is actually related to Afghanistan's exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the Afghan exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the ANSA so that their certificates are accepted in other countries. Many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Afghanistan have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Afghanistan, to generate clear analysis, information and updated data on NTMs in the country, can learn from the ITC Technical Paper Series on non-tariff measures. These ITC reports

are very relevant for understating the NTMs and procedural obstacles from business perspectives.<sup>7</sup> In South Asia, ITC has already done the exercise for Sri Lanka and the report for Bangladesh is forthcoming in 2015. Similar exercise can be done for Afghanistan with the help from the ITC.

#### WHOM

In Afghanistan, the policymakers, especially the Ministry of Commerce (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) because they are the direct stakeholders. In Afghanistan, ACCI has the capacity to conduct sophisticated research on regional trade and NTMs, and thus ACCI can put together these NTM issues in a coherent way and raise concerns to the policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia with especial perspectives from the Afghan traders. The policy advocacy group, led by the ACCI, needs to compile perspectives from all the stakeholders and present those information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

#### HOW

The policy advocacy group will have to use and produce credible analysis, supported by data and reliable information which the policymakers will find useful. This will help policymakers to device effective actions. They advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as highlighting any policy change may be published by the policy advocacy group.

#### Current status of policy advocacy on NTMs

At present there is no Policy Advocacy Group on

<sup>7</sup> See <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/publications/>

NTMs in Afghanistan. The information and data on NTMs are relatively weak. However, there has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies. Since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### **Next steps on policy advocacy implementation**

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at the ACCI should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk is also currently working on monitoring of the NTMs on some priority products, which are primarily related to the export of agro products from Afghanistan to other South Asian countries. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Afghanistan authorities on imports from other South Asian countries.

### **Policy Advocacy Group taking action**

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group with active participation from different stakeholders. The advocacy group will flag issues and carry out effective analysis.

**A good idea would be to start with two priority NTM issues which the importers in Afghanistan face domestically (for example, ad hoc export taxes, licensing fees and charges) and two priority NTM issues which the exporters from Afghanistan face in other South Asian countries (for example, port access limitations and miscellaneous payment requirement).**

### **Risk analysis**

There are risks involved with inactive participation of the members of the Policy Advocacy Group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Afghanistan, the representative from the ACCI, can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, for various reasons they don't report those issues properly. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk of maintaining the links and connections with policymakers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

In the context of Afghanistan, one major issue is developing the capacity of research on trade and NTM issues within the think tank, business community and policymakers. Lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas need to be addressed for monitoring and evaluation of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Afghanistan to monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Afghanistan.

#### **Subsequent use**

The report of the M&E process should be discussed in length at the national forum of the Policy Advocacy Group in Afghanistan as well as the regional forum hosted by the SAARC-TPN.

### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

### **Indicators**

A set of indicators can be decided for the M&E process.

### **Data collection tools**

**Suggested indicators are:**  
**number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 2.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN AFGHANISTAN

**Table 2:** An action plan for the policy advocacy in Afghanistan

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	ACCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	ACCI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk							Utilising the findings of the NTM desks to identify priority issues	Validating the findings on the priority issues
3	National workshop involving all the stakeholders	PAG/NTM desk								
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers							Use knowledge resources of the chambers for the papers to be published	Align timelines with WG-HCD for the Trainings on NTM
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD							Create media plans and work with journalists within the country to write on the NTM matters	Explore possibility of utilising TV for sensitisation of NTM issues
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	Self-assessment of the PAG
8	Monitoring and evaluation of the advocacy process	PAG								
9	Regular communications (formal and informal) with Ministry of Commerce and Industries to help them in the South Asia negotiation process	PAG							Availability of the MoCI for regular interaction	To be considered for future possibility in coordination with SCCI
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									



## 2.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN AFGHANISTAN

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Afghanistan, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Ministry of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### **Roles and responsibilities of the members:**

- The members of the PAG need to be dynamic and active and need to have good understanding of the regional trade and NTM issues
- Prepare a stakeholder mapping, identifying relevant people and organisations and preparing and maintaining their contact lists, collect relevant information on NTMs and analyse them
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs, writing of the newspaper articles, and set up an internal committee for the M&E process

### **Roles and responsibilities of the chair**

- The chair of the PAG need to have both formal and informal access to the lead policymakers in Afghanistan
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

### **Roles and responsibilities of the secretariat (NTM desk)**

- The NTM desk located at the ACCI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### **Procedures for convening meetings and operation, decision making process**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. The meeting will discuss based on the agenda and will follow up the progress on the decisions taken in the past meetings. The decision of the meeting should be tried to be based on a consensus.

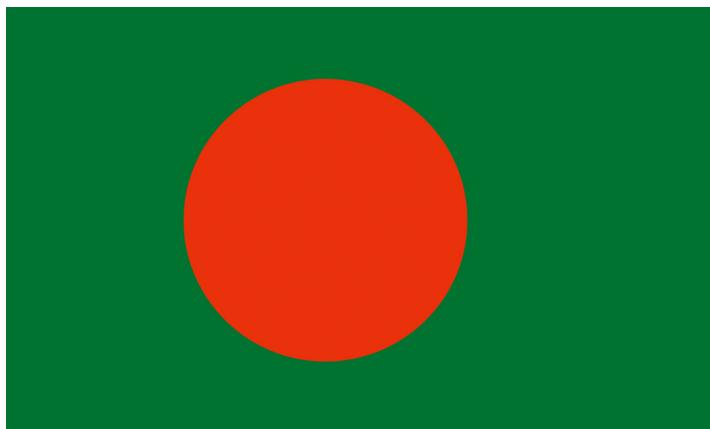
## 2.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN AFGHANISTAN (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>



**CHAPTER 3**

# **Designing a Policy Advocacy Strategy in Bangladesh**



## 3.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN BANGLADESH

### 3.1.1. POLICYMAKERS IN BANGLADESH (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Ministry of Commerce (MoC):** As far as the regional trade negotiations are concerned, the Ministry of Commerce is the lead Ministry. Major responsibilities include: the promotion and regulation of internal commerce, commercial intelligence and statistics and publications thereof; controlling and organisation of the Chamber of Commerce and price advising boards; developing export policies including protocols, treaties agreements and conventions bearing on trade with foreign countries; reviewing export policies and programs; regulate and control import trade and policies thereof; facilitating trade delegation to and from abroad; overseeing overseas trade; conducting exhibitions and trade representation in consultation with the Ministry of Foreign Affairs; export promotion including administration of export credit guarantee scheme; tariff policy, tariff valuation, general and international agreements on tariff; quality control, standardisation and marking of the agricultural products/animals products for the purpose of export; liaison with international organisations and matters relating to treaties and agreements with other countries and world bodies relating to subjects allotted to this Ministry.

**Ministry of Finance:** The Ministry of Finance is responsible for state finance, including the state budget, taxation and economic policy in Bangladesh. It is led by the Finance Minister of Bangladesh. This Ministry has also large influence over setting up different custom duties and para-tariffs on imports.

**Ministry of Foreign Affairs:** The Ministry of Foreign Affairs is the Bangladeshi government Ministry which oversees the foreign relations of Bangladesh. This Ministry is responsible for organising the SAARC Summit and perusing bilateral and regional cooperation issues in South Asia.

**The National Board of Revenue (NBR):** The main responsibility of NBR is to mobilise domestic resources through collection of import duties and taxes, VAT and income tax for the government. Side by side with the collection of taxes, the facilitation of international trade through quick clearance of import and export cargoes has also emerged as a key role of NBR. Other responsibilities include administration of matters related to taxes, duties and other revenue related fees/charges and prevention of smuggling.

**Ministry of Agriculture (MOA):** Major responsibilities include: developing agricultural policies, plans, regulations, acts, etc. for sustainable agricultural development and for food sufficiency; providing support in developing new agricultural technologies to boost up agricultural production and coordinate with local and international trade agencies for marketing; monitoring implementation of agricultural policies, plans, projects, programs and regulations; monitoring distribution of agricultural inputs and subsidies and marketing of the agricultural products in local and international markets; developing capacity of the professionals and other team players with the recent development in the agricultural sector in the world; providing administrative and policy support to MOA agencies for planning and implementation of the development programs/projects; and coordinating with donors and development partners for funding and technical assistance.

**Ministry of Industries:** Ministry of Industries is primarily responsible for developing new policies and strategies for promotion, expansion and sustainable development of Industrial sector of the country. Given the present environment and increasing trend in globalisation, the private sector is playing an important role in the industrialisation of the country. Therefore, the Ministry of Industries has taken the role of a facilitator with a view to creating increased industrial activities in the country.

**WTO Cell, Ministry of Commerce:** A WTO Cell was established in the Ministry of Commerce in October, 2003. The WTO Cell oversees the current negotiations in the WTO, liaisons with the Geneva Mission and prepares the country position. Further responsibilities include the capacity building of the stakeholders in WTO rules and regulations and the dissemination of information among stakeholders regarding WTO and negotiations etc.

**Bangladesh Tariff Commission:** The Commission carries out studies and formulates policies for rationalisation of tariff, liberalisation of import regime and development of an incentive structure for strengthening the domestic production and export base. It reviews, on a continuing basis, the tariffs on imported raw materials and intermediate inputs, as well as on capital goods.

**Office of the Chief Controller of Imports and Exports (CClAndE):** The functions of the office of the Chief Controller of Imports and Exports are governed by the Imports and Exports (Control) Act 1950; the Importers, Exporters Indenters (Registration) Order, 1981, and Review, Appeal and Revision Order 1977. Though originally this office was established with a view to control the import and export trade, at present, it is playing a facilitating role in the field of import and export. Under this changed circumstances, this organisation has been performing the following functions: assisting Ministry of Commerce in formulation and implementation of the Import Policy Order; issuing registration certificates to importers, exporters and indenters under the provisions Importers, Exporters and Indenters (Registration) Order, 1981; settlement of disputes relating to trade and commerce under the review, Appeal and Revision Order, 1977; disposing of disputes between importers and Customs Authority on Information and Communication Technology (ICT); classification or description of imported goods; giving decision regarding clearance of goods imported in violation of any provision of the import Policy Order (IPO); issuing import permits and clearance permits, as the case may be, where goods are imported without opening L/C under the provision of IPO; issuing export permits, export-cum-import permits, import permits on returnable basis; giving clarification regarding provisions of IPO, where necessary; giving suggestions to Ministry of Commerce for changes/ modifications of IPO, where necessary; issuing public notices relating to amendment of provisions of IPO; and monitoring information relating to imports and revenue.

**Export Promotion Bureau (EPB):** The EPB, under the Ministry of Commerce is a government agency of the country, entrusted with the responsibilities of promoting exports of the country. It is mainly responsible for: coordinating export development efforts at different sectors and production levels; formulating and adopting of policy and program for active promotion of exports; coordinating, monitoring and evaluating national export performance and analysing export trends; carrying out promotional activities in product development and expansion of supply side capacity; exploring markets of exportable's abroad; collecting and disseminating trade information to the stakeholders; organising participation in international trade fairs abroad; imparting training for HRD; conducting studies, surveys, research etc. for expansion and diversification of export and administering and monitoring of RMG

quota. EPB also assists the Ministry of Commerce in formulating policies related to export of the country.

### **Small and Medium Enterprise (SME)**

**Foundation:** The SME Foundation, is a limited company licensed by the Ministry of Commerce as a not for profit organisation and registered under the Companies Act (Act XXVIII) of 1994. SME Foundation was established by the Government of Bangladesh under Ministry of Industries as an apex institution for SME development in the country. The major activities of SME Foundation are: implementation of SME Policy Strategies adopted by the Bangladesh Government; policy advocacy and intervention for the growth of SMEs; facilitating financial supports for SMEs; providing skill development and capacity building training; facilitating adaptation with appropriate technologies and access to ICT; and providing business support services. It is mentionable here that the Foundation is working for the development of enterprises and entrepreneurs who belong to micro, small and medium categories as per Industrial Policy 2010. Besides the general supports to the development of SMEs and entrepreneurs the Foundation is providing diversified supports to the existing and potential women entrepreneurs in order to position them into the mainstream business community.

### **Bangladesh Standards and Testing Institution (BSTI):**

BSTI is responsible for the development of standards on a consensus based approach through technical committees. Apart from developing national standards the emphasis is laid also on periodic review of standards to keep them at par with updated technological developments. Some standards are also to harmonise with international and regional standards.

### **Bangladesh Accreditation Board (BAB):**

Major responsibilities include Accreditation of Testing and Calibration and Medical Laboratories accrediting to ISO/IEC 17025, ISO 15189; Accreditation of Certification Bodies ISO/IEC 17021, ISO/IEC 17024, ISO/IEC 17065; Accreditation of Inspection Bodies ISO/IEC 17020. They work in establishing MRA and MLA with Regional and International Forums, and cooperate with relevant national, regional and international organisations in accreditation. Their responsibilities also include: the harmonisation of standards and requirements; the exchange of information; the identification of centres of competence in all areas of conformity assessment; minimise unnecessary duplication and give users

confidence in the results of that conformity assessment; make arrangements at the national level to increase the acceptance of nationally manufactured products and promote product safety and efficiency and to ensure product/service quality. Their aim is to improve the competitiveness of products and services, enhance the protection of consumers, manufactures and the broad community in terms of security, safety, health and environment and also formulate its criteria, standards, policies and practices, based on inputs from relevant academia and institutions.

**Bangladesh Land Port Authority (BLPA):** The Bangladeshi government established the Bangladesh Land Port Authority (BLPA) in 2001 with a view to facilitating bilateral/trilateral trade with neighbouring countries namely India, Nepal, Myanmar and Bhutan. Initially 12 land custom stations were declared as land ports in 2002. Since 2009 more eight new land ports have been declared. Presently the number of land ports is 20 of which 5 ports are in operation under BOT, excepting Birol. On the other hand, Benapole, Burimari, Akhaura and Bhomra land ports are being operated under the Bangladesh Land Port Authority directly. The Authority has not only emphasised on facilitating trade but also on providing services to the international passengers.

### 3.1.2. BUSINESS ASSOCIATIONS IN BANGLADESH

**The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI):** Major responsibilities are to coordinate and promote the interest of its federating units – the Chambers of Commerce and Trade and Industrial Associations; to aid and stimulate investment, development of trade, commerce, industry, agriculture, tourism, human resources and communication sectors in Bangladesh. They assist the Chambers of Commerce and Industry and Associations in organising of Trade and Industry Fairs in different parts of Bangladesh. They also collect and disseminate statistical and other information for advancement of trade and industry. To study and undertake research for promotion and growth of trade and industry is another of its major duties. FBCCI is involved in forging strong bilateral ties between and among different countries of the world through counterpart organisations for commercial and economic cooperation. It helps promote FDI including Joint Ventures in Bangladesh and identify appropriate partners. It maintains close relation with Overseas National Chambers of Commerce and other Trade and Industrial Associations including related economic organisation. The FBCCI as the Apex Trade Organisation plays

the pivotal role in consultative and advisory capacity in formulation of Commercial, Industrial and Fiscal policies at the national level.

#### **Metropolitan Chamber of Commerce and Industry (MCCI):**

The Chamber's services, developed over a long period, are comprehensive and cover specialised areas such as taxation, import-export, tariff and non-tariff measures, investment, WTO matters and other national and international economic and commercial concerns. MCCI has earned recognition at home and abroad by offering services such as issuing certificates of origin, through conducting economic research and sector surveys, offering trade and investment facilitation services, legal services, information management and dissemination, and with publications related to trade and commerce.

#### **Dhaka Chamber of Commerce and Industry (DCCI):**

As the voice of SMEs DCCI serves as the first point of business contact for penetration into new markets and as a vibrant platform putting forward facts-based opinions, suggestions and recommendations for a brighter tomorrow in the sphere of trade, commerce and the overall economy.

#### **Bangladesh Garment Manufacturers and Exporters Association (BGMEA):**

BGMEA is one of the largest trade associations in the country representing the readymade garment industry, particularly the woven garments, knitwear and sweater sub-sectors with equal importance. Since its inception, BGMEA is dedicated to promote and facilitate the apparel industry through policy advocacy to the government, services to members, ensuring workers' rights and social compliance at factories. BGMEA works with the vision to develop the RMG industry of Bangladesh and the economy of the country. Having such vision BGMEA protects and promotes the interests of the industry; thus ensuring a sustained growth in the foreign exchange earnings of the country.

#### **Business Promotion Council (BPC):**

BPC is a product specific sector promotion council with a mandate for export diversification - represented by government organisations and trade associations having immediate stake on the identified sector. BPC's overall objective is to ensure better coordination and seamless operations of all six sector based councils through providing an administrative umbrella. BPC believes that identification of needs of these sectors at supply ends and provision of appropriate, however

small, treatment will cause a multiplier effect for the national export

### 3.1.3. THINK TANKS IN BANGLADESH

**South Asian Network on Economic Modelling (SANEM):** SANEM, launched in January 2007 in Dhaka, is a non-profit research organisation registered with the Registrar of Joint Stock Companies and Firms in Bangladesh. It is also a network of economists and policymakers in South Asia with a special emphasis on economic modelling. SANEM aims to promote the production, exchange and dissemination of basic research knowledge in the areas of international trade, macro economy, poverty, labour market, environment, political economy and economic modelling. It seeks to produce objective, high quality, country- and South Asian region-specific policy and thematic research. SANEM contributes in governments' policy-making by providing research supports both at individual and organisational capacities. SANEM has maintained strong research collaborations with global, regional and local think-tanks, research and development organisations, universities and individual researchers. SANEM promotes young researchers from Economics, Business and Social Sciences to undertake independent research works on contemporary issues. SANEM has an internship program in place for fresh university graduates. SANEM arranges regular training programs on economic modelling and contemporary economic issues for both Bangladeshi and other South Asian participants.

**Centre for Policy Dialogue (CPD):** CPD's civic activism in policy-related areas is operationalised through various means which are implemented by way of concrete initiatives. These include knowledge generation through research and analysis, creation and management of data and information base; policy appreciation through dialogues, networking, information dissemination and mobilising support of the civil society for concrete policy agendas; policy influencing at national, regional and international levels, by involving policymakers in the dialogue process, and by contributing to preparation of global policy documents and national policy briefs; capacity building by way of organising policy appreciation workshops for policymakers and other important stakeholder groups.

**Policy Research Institute (PRI):** PRI is a private, non-profit, non-partisan research organisation dedicated to promoting a greater understanding of the Bangladeshi economy, its key policy challenges, domestically, and in a rapidly integrating global

marketplace. PRI is committed to undertaking and disseminating unbiased policy-oriented economic research among public policymakers, business professionals, and the academic community. PRI pursues this mission by performing timely, accurate research on key policy issues and effectively disseminating these findings to its primary audiences. PRI's current areas of research include macroeconomic management focusing, inter alia, on fiscal policy, monetary management, interest rate, and exchange rate policies; poverty reduction approaches and strategies; trade, openness and competitiveness; WTO issues in a development perspective; regional cooperation and issues of bilateral and multilateral trade arrangements; study of agriculture, industry and service sectors; private sector development; reforms in tax policy and tax administration; board-based economic and governance reforms.

### Bangladesh Institute of Development Studies (BIDS):

The strategic objectives of BIDS are crystallised around the theme of generating credible policy oriented research on development issues facing Bangladesh and other developing countries along with strengthening research-policy links to promote informed policy making in Bangladesh. In the pursuit of its strategic objectives, BIDS activities are multi-dimensional and inherently straddle several objectives, which include promoting excellence in policy research and extending the knowledge frontiers to facilitate learning in development solutions. They aim to expand the outreach of research to civil society and other stakeholders to help shape policy debates on key development issues, develop broader understanding and consensus, and promote knowledge based policy agenda; conduct training and capacity building programs and promote the application of cutting edge research techniques and appropriate methodologies in economics and allied social sciences to develop human and institutional capacities within the government and in other institutions; promote research communication and networking to share research findings on the BIDS knowledge base and stimulate interaction within the research community, policymakers, civil society, and other stakeholders through organising workshops, seminars, conferences, and using different modes of print and electronic media.

### 3.1.4. MEDIA IN BANGLADESH

Most of the daily newspapers publish news related to regional trade and NTMs and other related issues in their editorial, op-ed and news analysis section. The Daily Star is the largest circulating daily English-

language newspaper in Bangladesh. The Financial Express is also another leading English financial daily of the country. It mostly focuses in news and analysis on trade, finance and macroeconomics

related issues. The Daily Prothom Alo is the leading Bangla daily of Bangladesh. It is considered as the largest and most popular newspaper in Bangladesh based on circulation and readership.

## 3.2. UNDERSTANDING THE SALIENT FEATURES OF BANGLADESH'S NTMs

Raihan et al (2014) highlighted that Bangladesh's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on protection and promotion of domestic industries and exports thereof, safeguarding against hazards to public health, environment, and shaped by the perceived economic interests of the business community and the policymakers. Bangladesh is the 3<sup>rd</sup> largest country in the SAARC, in terms of the size of the economy and population. Amongst SAARC countries, India remains the largest trading partner, with Pakistan being the second largest trading partner. Bangladesh has limited regional (SAARC) trade compared to its trade volume with the world. According to IMF, Direction of Trade Statistics (DOTS), data for 2014, exports to SAARC countries constitute only 2% of Bangladesh's total exports, and imports from SAARC countries constitute only 16% of Bangladesh's total import from the world. Bangladesh, being one of the LDCs among the SAARC member countries, maintains a fairly large sensitive list of about 1,000 products under SAFTA, while following the schedule of a gradual reduction commitment. Para-Tariffs in form of Supplementary Duty and Regulatory Duty on many import items are on the rise.

### BANGLADESH

**3<sup>rd</sup>**  
largest economy in SAARC

**2%**  
Share of total Exports within SAARC

**16%**  
Share of total Imports within SAARC

### The salient features of NTMs in Bangladesh

1. 21 categories of products under 4-digit HS Heading, including narcotics, firearms, pornographic and otherwise offensive materials, swine and pork products, 2-stroke motor engines, reconditioned office equipment, hazardous chemicals, polypropylene bags, etc. are banned or otherwise restricted for imports on social, moral, security, religious and environmental grounds
2. Imports of a number of products are subject to quality standards
3. Import of all food items are subject to radioactivity test reports by Bangladesh Atomic Energy Commission. Radioactivity test by Bangladesh Atomic Energy Commission is not required for import from SAARC countries if certificate is issued by the concerned authority of the exporting SAARC country
4. Supplementary and regulatory duties are levied on a number of products
5. Another 13 categories of products, i.e., jute and 'shan' seeds, onions, petroleum products, arms, frog and frog legs, unprocessed and certain categories of shrimp, unshelled pulses, live animals, raw and wet blue leather, etc. are subject to export ban for various economic, food security, and environmental grounds
6. 9 categories of products are subject to conditional exports; such conditions are related to minimum value addition criteria and other entre-pot and re-export conditions on economic grounds
7. Pre-registration is required for import of selected sensitive products, such as iron scrap, used vehicles, etc.
8. Though decreasing recently, tariff anomalies exist for the same product imported as raw materials for different industrial sectors
9. The business community frequently complains about port-entry restrictions for export and import products, and complex customs clearance procedures

## 3.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR BANGLADESHI EXPORTERS IN SOUTH ASIA

Raihan et al (2014) found the following broad categories of NTMs most frequently faced by Bangladeshi exporters:

**Port Restrictions:** Bangladesh exporters frequently face specific port entry requirement related restrictions while entering India. The restrictions are often enforced on an arbitrary basis by Indian authority applying obsolete regulations. For example, the Indian Authority at the Agartala Land Customs Station declined to allow shipment of toilet soaps through Agartala Land Port, citing provisions under the Drugs and Cosmetic Act, 1940 and Drugs and Cosmetic Rules 1945, that Agartala Land Port was not an entry point from Bangladesh for import of toilet soap, defined as a cosmetic item under Indian Law. Later it was found out that an updated Indian regulation revised in 2007 included Agartala as one of the designated land ports

through which import of toilet soaps from Bangladesh was allowed to enter India.

**SPS Restrictions:** Sanitary and Phytosanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to agro and food processing exports from Bangladesh. These products are subject to quarantine, certifications, and inspection requirement related to SPS issues.

**TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions falling under the Technical Barriers to Trade (TBT) pertaining to Category B under UNCTAD classification. Most of these products belong to packaged food, household and consumer products.

**Fluctuating Standards and Procedural Steps:** Business community in Bangladesh expressed their concerns over fluctuating standards and procedural steps they face while dealing with officials both in Bangladesh and in other SAARC countries, particularly in India. Discussions revealed that many of these difficulties arise from poor coordination between government officials and the business community. Non-acceptance of quality certificates

issued by Bangladesh Standards and Testing Institution (BSTI) by Indian authorities, even for the designated 18 products for which there is a bilateral agreement for acceptance reached between the two countries, was a major concern expressed by Bangladeshi exporters to India. For processed food items, the Indian practice of testing each consignment was a serious hindrance to exports, mentioned by Bangladeshi exporters.

## 3.4. CREATING A POLICY ADVOCACY GROUP IN BANGLADESH

### Formation

Policy advocacy on regional trade issues has a strong base in Bangladesh. The stakeholders are very active in organising different formal and informal meetings with the policymakers in Bangladesh. Also, there is an active presence of think tanks with regular research and publications on regional trade issues.

The Policy Advocacy Group in Bangladesh will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

1. A representative from FBCCI as the convener
2. A representative from MCCI
3. A representative from EPB
4. A representative from SME Foundation
5. A representative from the Ministry of Commerce and WTO Cell
6. A representative from the National Board of Revenue/Ministry of Finance
7. A representative from BSTI
8. A representative from the Bangladesh Tariff Commission
9. A representative from Bangladesh Land Port Authority
10. A representative from SANEM
11. A representative from a leading media

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited to the meetings of the Policy Advocacy Group. The NTM desk located at the FBCCI will work as the platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### Objectives

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in other South Asian countries which exporters from Bangladesh face. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Bangladesh which the Bangladeshi importers encounter.

### Relevant stakeholders

Primarily as far as the market access of the Bangladeshi exporters to other countries is concerned, many of these NTMs can be solved either through bilateral negotiations, or more effectively under regional initiatives; In this case relevant policymakers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members represent the Ministries of Commerce and the Ministries of Finance from all eight South Asian countries. The Policy Advocacy Group in Bangladesh should maintain links with the representatives of Ministry of Commerce and Ministry of Finance of the Government of Bangladesh and assist them in the regular analysis on NTMs the Bangladeshi exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain close link with the Ministry of Foreign Affairs.

In the case of NTMs in Bangladesh, which the importers in Bangladesh face, the policy advocacy should be directed at different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Ministry of Commerce, Bangladesh Tariff Commission and NBR; different kinds of para-tariffs are maintained by the

NBR under the Ministry of Finance; and other forms of SPS and TBT related issues are dealt by the Ministry of Agriculture, Ministry of Industry, BSTI and BAB. In the case of infrastructural related issues at the land custom station, Bangladesh Land Port Authority (BLPA) should be directed for any policy advocacy.

### Reaching policymakers

#### WHO

The policymakers need to hear very clear analyses, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendation should be avoided, as it may render the advocacy ineffective. The analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to Bangladeshi exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the Bangladeshi exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Bangladesh Standards and Testing Institution (BSTI) so that their certificates are accepted in other countries. Many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Bangladesh have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Bangladesh can learn from the ITC Technical Paper Series on non-tariff measures to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understating the NTMs and procedural obstacles from a business perspective. In South Asia, ITC has already done the exercise for Sri Lanka and Bangladesh.

#### WHOM

The policymakers, especially the Ministry of Commerce (which is the line Ministry), need to hear all NTM related issues primarily from the traders (exporters and importers) themselves as they are the direct stakeholders. However, think tanks have the capacities to conduct sophisticated research on

regional trade and NTMs and can thus put together NTM issues in a coherent way to raise the concerns of policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia from the perspectives of the Bangladeshi traders. The Policy Advocacy Group will be in a better position to compile perspectives from all the stakeholders and present that information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

#### HOW

The Policy Advocacy Group will have to produce credible analyses, supported by data and reliable information which the policymakers will find useful. This will help policymakers to device effective actions. The advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could take the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as highlighting any policy change may be published by the Policy Advocacy Group.

#### Current status of policy advocacy on NTMs

At present there is no Policy Advocacy Group on NTMs in Bangladesh. The information and data on NTMs are relatively weak. There has been major recent work titled, "NTMs in South Asia: Assessment and Analysis" by Raihan et al (2014), and there have been some other studies. However, since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

#### Next steps on policy advocacy implementation

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at the FBCCI should work as the Secretariat for the regular operations of the Policy Advocacy Group. The NTM desk is also currently working on monitoring of the NTMs on some priority products, which are primarily related to the export

of agro-processing products from Bangladesh to other South Asian countries. However, the coverage should be expanded to include other major products including readymade garments, jute and jute products, and chemical and plastic products.

It should also be mentioned that so far the NTM desk has looked into the NTMs faced by Bangladeshi exporters in other South Asian countries. There is a need to monitor on the progress of NTMs imposed by the Bangladesh authorities on imports from other South Asian countries.

### **Policy Advocacy Group taking action**

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group with active participation from different stakeholders. The advocacy group will flag issues and carry out effective analyses with the help of think tanks. A good idea would be to start with two priority NTM issues which the importers in Bangladesh face domestically (for example, para-tariffs, tariff anomalies) and two priority NTM issues which the exporters from Bangladesh face in other South Asian countries (for example, port access limitations and mutual recognition on standards).

### **Risk Analysis**

There are risks involved with inactive participation of the members of the Policy Advocacy Group which may render the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Bangladesh, an active representative from a leading chamber can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. Furthermore, the regular availability of data needs to be ensured. In many cases and despite the fact that they encounter NTM related problems, the exporters and importers don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk in maintaining the links and connections with policy makers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

In the context of Bangladesh, one major issue is developing the capacity of understanding regional trade and NTM issues within the policymakers and business community. The lack of required understanding on the technicalities of regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas need to be addressed for monitoring and evaluation of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Bangladesh to monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Bangladesh.

#### **Subsequent use**

The report of the M&E process should be discussed in length at the national forum of the Policy Advocacy Group in Bangladesh as well as the regional forum hosted by the SAARC-TPN.

#### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

#### **Indicator**

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

#### **Data collection tools**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

### 3.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN BANGLADESH

**Table 3:** An action plan for the policy advocacy in Bangladesh

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	FBCCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	FBCCI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk								Utilising the findings of the NTM desks to identify priority issues
		PAG/NTM desk								
3	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers								Use knowledge resources of the chambers for the papers to be published
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								Create media plans and work with journalists within the country to write on the NTM matters
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
8	Monitoring and evaluation of the advocacy process	PAG							Overstated achievements	Self-assessment of the PAG
9	Regular communications (formal and informal) with Ministry of Commerce to help them in the South Asia negotiation process	PAG							Availability of the MoC for regular interaction	
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



### 3.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN BANGLADESH

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Bangladesh, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Ministry of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

#### **Roles and responsibilities of the members**

- The members of the PAG need to be dynamic and active and need to have good understanding of the regional trade and NTM issues
- Prepare a stakeholder mapping; identifying relevant people and organisations and preparing and maintaining their contact lists; collecting and analysing relevant information on NTMs
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs; writing newspaper articles; and setting up an internal committee for the M&E process

#### **Roles and responsibilities of the chair**

- The chair of the PAG needs to have both formal and informal access to the lead policymakers in Bangladesh
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

#### **Roles and responsibilities of the secretariat (NTM desk):**

- The NTM desk located at the FBCCI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

#### **Procedures for convening meetings and operation, decision making process**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. Based on the agenda, the meeting will discuss and follow up on the progress of the decisions taken in the past meetings. The decisions of the meeting should aim to be based on a consensus.

### 3.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN BANGLADESH (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>



**CHAPTER 4**

# Designing a Policy Advocacy Strategy in Bhutan



## 4.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN BHUTAN

### 4.1.1 POLICYMAKERS IN BHUTAN (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Ministry of Economic Affairs (MoEA):** This is an apex body which comprises of four technical Departments namely, the Departments of Trade, Industry, Energy, and Geology and Mines.

**Department of Trade, MoEA:** Responsible for trade policy, promote trade and improve the supply of goods, and to enhance national prosperity. Strengthen interaction and networking with relevant government and international export promotion bodies as well as with the private sector both within and outside Bhutan to facilitate the flow of information.

**Department of Industry, MoEA:** The Department is responsible for promotion and regulation of large and medium scale industries and FDI enterprises covering the industrial sector classified broadly under manufacturing and services. It is entrusted with the responsibility to foster sustainable industrial development in harmony with national objectives and priorities.

**Department cottage & Small Industry (DCSI), MoEA:** To create an enabling environment to facilitate and support sustainable growth and development of Cottage & Small Industries (CSI) in the country for equitable income distribution, employment generation and balanced regional development.

**Department of Geology and Mines, MoEA:** Collaborate with international agencies/institutions to carry out geo-scientific research. Facilitate efficient, responsible and sustainable development of the minerals resources that contribute to the socio-economic development of the nation.

**Department of Intellectual property, MoEA:** This is the responsible agency for administration of the industrial property system. The IPD has been assigned the task of establishing a comprehensive intellectual property protection system in the country which will include the institution of protection regimes for patents, trademark, designs, copyright and other intellectual property rights (IPRs). The other major task of the Division is creating awareness on the subject and disseminating information on IPRs.

**Ministry of Finance (MoF):** To formulate and

implement dynamic fiscal policies and sound financial management through maximisation of resource generation, efficient allocation, prudent expenditure and debt management and proper accountability of public resource.

**Department of Revenue & custom (DRC), MoF:** Their major responsibilities include facilitation of trade, enforcing trade policies, controlling conformity with IP rights and IP laws international conventions and collecting revenue.

**Ministry of Agriculture & Forest (MoAF):** Apex body responsible for agriculture development, policy, strategies, plan and regulation formulation, and their implementation.

**Bhutan Agriculture and Food Regulatory Authority (BAFRA), MoAF:** To promote & ensure the quality, standard and safety of agro and forest based products. They also coordinate and liaise with national, regional and international agencies on regulation of quality and safety.

**Department of Forest & Park, MoAF:** Ensuring Bhutan's commitments to international and regional conventions, treaties and non-legally binding instruments through participation, facilitating and enactment of enabling policies, legislations, strategies, plans, and programs.

**Department of Livestock, MoAF:** Develop sound policies, strategies and guidelines, to ensure efficient delivery of livestock services and also to liaise with international and national stakeholders in areas of livestock..

**Ministry of Home and Culture Affairs (MoHCA):** Develop, review and revise policies, pertaining to cultural preservation, immigration services, civil registration and census services, law and order, local governance and disaster management.

**Department of Immigration (DoI), MoHCA:** They enforce law and order and provide immigration services like issuing work permits to foreigners working in government, international agencies and private sectors.

**Ministry of Information and Communication (MOIC):** Promoting the development of reliable and sustainable information, communications and

transport networks and systems and facilitating the provision of affordable and easier access to associated services, particularly to meet the basic social needs and help improve living standards of people in rural and far-flung communities of Bhutan, for the ultimate purpose of making a meaningful contribution to Gross National Happiness.

**Road Safety Transport Authority (RSTA), MOIC:** To provide and develop safe, reliable, efficient, cost effective and environment friendly transport services in support of strategies for socio-economic development of the country.

**Ministry of Foreign Affairs (MoFA):** Formulate and implement dynamic fiscal policies and sound financial management through maximisation of resource generation, efficient allocation, prudent expenditure and debt management, and proper accountability of public resources.

**Ministry of Labour and Human Resources (MoLHR):** Comprises of four departments namely, the Department of Labour, Department of Employment, Department of Human Resources and Department of occupational standards.

**Department of Labour, MoLHR:** The Department of Labour is dedicated to the economic and social progress of the nation through the formulation and effective implementation of labor policies and the provision of high quality services for the benefit of workers and employers in the private and corporate sectors throughout the Kingdom in the fields of foreign workers, Labor inspection labor relations and social protection.

**Ministry of Health (MoH):** To provide healthcare services of quality in both traditional and modern medicines and to prevent, control, eliminate and eradicate diseases.

**National Environment Commission:** The National Environment Commission is a high level multi-sectoral body. It is the highest decision making and coordinating body on all the matters relating to the protection, conservation and improvement of the natural environment. One of the key mandates are to develop, review and revise environmental policies, plans and programmes; mainstream environment into the country's developmental policies, plans and programmes and also to promote environmental awareness amongst all levels of Bhutanese society, including dissemination of environmental policies,

strategies, acts, rules, regulations and standards through print, audio visual and other appropriate means.

**Bhutan Standard Bureau (BSB):** BSB is now an autonomous organisation and an umbrella institution to coordinate and oversee all standardisation and related activities in the country. Mandate of the Bureau (As per Bhutan Standards Act 2010) with key mandates to develop national standards and facilitate their implementation to promote quality and standardisation; Oversee the implementation of Regional and International Trade Agreement related to standards and Technical Barriers to Trade.

**Drug Regulatory Authority (DRA):** To promote consumers confidence in medicinal products by ensuring quality, safety and efficacy through efficient and transparent regulatory mechanism and to control and regulate the premises for manufacture, import and export, sale, stocking and distribution of medicinal products in accordance with the Medicines Act of the Kingdom of Bhutan 2003 and Bhutan Medicines Rules and Regulation with Ensuring quality and efficacy of medicinal products through product registration process and testing.

**Bhutan Narcotic Control Agency (BNCA):** BNCA was established in 2006 following the enactment of the Narcotic Drugs Psychotropic Substances and Substance Abuse Act in 2005. It functions as the secretariat to the Narcotic Control Board and is the nodal agency of the Government for all matters related to narcotics drugs, psychotropic substances and substance abuse.

**Bhutan InfoComm and Media Authority:** It is an independent regulatory body for ICT, media and entertainment sectors in the country and to enhance policy making in the ICT and Media Sectors.

**Royal Monetary Authority (RMA):** To formulate and implement monetary policy with a view to achieving and maintaining price stability in the long term, by way of exchange rate targeting to promote macroeconomic and financial sector stability and economic growth in Bhutan. Key policy instruments include reserve requirements (cash Reserve Ratio, statutory liquidity ratio), open market operations through the sale of government Treasury Bills, implementation of prudential norms, and foreign exchange regulations and management and also to promote an efficient financial system comparable to international best practices.

#### 4.1.2. BUSINESS ASSOCIATIONS IN BHUTAN

##### **Bhutan Chamber of Commerce & Industry (BCCI):**

It is an apex body for private sector representing the voice of private sector. Established under the Royal command of His Majesty the Fourth Druk Gyalpo in 1980 and also a non-profit making organisation, supported by over 40000 business members from all around the country. They work in advocating for government measures that would enhance private sector competitiveness and reactive in providing feed-back to the government on the impact of government policies, legislations, etc to the private sector at large. They also provide support and facilitate FDI process.

**Bhutan Exporters Association (BEA):** They recommend policy measures and programs to government and plays important role in developing exporters' organisation structure and bridge the gap between exporters and governing agencies. They facilitate traders and exporters in collection, marketing, and business operation.

##### **Association of Bhutanese Industries (ABI):**

The Association was established with a view to act as a platform to study the areas that hinders the growth of the industries and takes up such issues to the government and related agencies for redressal. Further, the Association amongst other functions is to review relevant Acts, Rules, Regulations, Procedures, and Policies of Bhutan as well as of other countries and make appropriate recommendations to the government with an intention to pave way for an accelerated growth of manufacturing industries in the country.

#### 4.1.3. THINK TANKS IN BHUTAN

##### **Center for Bhutan Studies and GNH Research:**

They conduct evaluative studies on existing programs of the government and providing feedback on the basis of which the Royal Government can improve programs and policies. Support basic research by other agencies in Bhutan. They also conduct interdisciplinary studies of Bhutan in its social, cultural, and economics aspects, focusing largely, but not exclusively, on contemporary issues. They act as a clearing-house of information on various studies and researches being conducted in Bhutan and abroad by foreign institutes. Within Bhutan, the Centre maintains a close research alliance with other people and institutes engaged in similar activities. They generate program proposals or writings, as assigned by the Council for the Centre. The organisation also hosts special lectures and seminars on themes related to its charge by Bhutanese, and by foreign scholars who visit Bhutan for whatever reasons.

#### 4.1.4. MEDIA IN BHUTAN

There are 11 newspapers that include Kuensel, Bhutan Times, Bhutan Observer, Bhutan Today, Business Bhutan (2009), The Journalist (2009), The Bhutanese, Druk Neytshuel, Druk Melong, Druk Yoedzer, Gyalchi Sarshog. Bhutan Broadcasting Services (BBS) is a public service corporation and is currently the only service to offer both radio and television and is only television service to broadcast. Business Bhutan is Bhutan's first business oriented newspaper. The paper mainly focuses on business and financial stories. It is a weekly paper published every Saturday.

## 4.2. UNDERSTANDING THE SALIENT FEATURES OF BHUTAN'S NTMs

Raihan et al (2014) highlighted that Bhutan's national policies, including its trade, industry, and economy related policies are predominantly protective of its own people, culture, and environment. With the small size of its economy and population and no direct access to international ports, Bhutan's trade with the world is fairly limited. Being a landlocked country, and having its currency pegged to the Indian Rupee, the majority of its cross-border trade is done with India. Apart from India, the other important trading partners are Bangladesh and Nepal, with very limited or no trade with the other SAARC countries. Though Bhutan can be considered as a trading nation (Trade Openness Index estimated to be around 75% in 2005-06), Bhutan's regulatory regime still carries some restrictive measures as a carryover from its past as closed economy.

### BHUTAN

#### SMALLEST ECONOMY IN SAARC IN TERMS OF GDP

**74%**  
share of total exports within SAARC

**73%**  
share of total imports within SAARC

#### INDIA, MAJOR TRADING PARTNER (AT 93% OF OVERALL EXPORTS)

#### The salient features of NTMs in Bhutan

1. Importers need to register themselves with the Ministry of Economic Affairs
2. An Import House is permitted to import only the goods for which it has registered. For importing different type of products, the importer has to obtain separate licenses
3. All import consignments originated from the countries other than India need a separate license, which is issued free of cost with a validity period of one year
4. An importer can import a certain product from any other country other than India up to maximum of 4 container loads in one year
5. Importers are required to report the landing of imports in their approved retail outlets to the Regional Trade and Industry Offices with requisite transportation documents. The Regional Offices' verification shall form a part of obligations of the importers for issuance of next Import License
6. Three categories of products, e.g., narcotics, pornography, and items that are considered contraband internationally are prohibited for import
7. Used clothes and textile items are also prohibited for import
8. A total of 14 categories of items are restricted for import from all countries and subject to licensing requirement with special permission issued by the respective relevant authorities, e.g., special permission from Ministry of Agriculture for import of chemicals and fertilizers
9. Selected fresh horticultural produces need mandatory grading and fumigation before exports
10. Import of raw materials for industrial use must have a value addition of minimum 40 percent

## 4.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR BHUTANESE EXPORTERS IN SOUTH ASIA

Raihan et al (2014) highlighted the following broad categories of NTMs, which are cited most frequently:

**Port Restrictions:** Bhutanese exports are required to pass through a specific port of entries for specific items in India, Bangladesh, Nepal, and the world. The SPS related inspection and testing requirements are a major reason for such port entry related restrictions in case of India. Being a landlocked country, Bhutan has to use Indian Territory and Indian ports for transhipment of its products to other countries. For transhipments to Bangladesh and Nepal, Bhutanese exports have to use specific ports of entry as per the requirements of relevant trade protocols existing between India, Bangladesh, Nepal, and Bhutan. For Bhutanese exports to non-SAARC countries, such as Singapore, Australia, Hong Kong, South Korea, etc. the use of the Haldia port is required, if using Indian Territory for transhipment. Under a bilateral agreement, Bhutan has recently started using Chittagong port of Bangladesh for importing and exporting from and to countries other than SAARC. A number of other ports, including land, river, and sea ports are either already available or in the process of being available for Bhutan under a bilateral agreement with Bangladesh.

**Certification Requirements:** Bhutan's export of selected fresh produces, particularly for tangerines, needs certification for mandatory fumigation, radioactivity, and other health related issues, in order to meet SPS requirements. Mandatory grading and sorting is also done and relevant certificate is issued for tangerines, and also for pebbles and boulders for export. Additionally, there is a need for obtaining Certificates of Origin and Pre-Shipment Inspection certificates (on certain products) for exports. In the absence of adequate quality infrastructure in Bhutan, exporters have difficulty in accessing export markets, particularly for processed food items.

**Para-Tariffs:** Bhutan faces a variety of state-level para-tariffs when entering India. Many of them are found discriminatory against imports. Bhutanese products also face para-tariffs in Bangladesh in form of supplementary and regulatory duty for many products. However, the 18 products of Bhutan that get duty free access to Bangladesh under bilateral agreement are not subject to such para-tariffs.

**SPS and TBT:** Export of food Items from Bhutan to Bangladesh are subject to the requirement of radiation certificates.

## 4.4. CREATING A POLICY ADVOCACY GROUP IN BHUTAN

### Formation

The advocacy group will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

- 1.. A representative from the SCCI BCCI as the Convener
2. A representative from the BCCI
3. A representative from the Bhutan Exporter Association
4. A representative from the Association of Bhutanese Industries
5. A representative from media dealing with regional trade and NTM issues

The policy advocacy group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group as well. The NTM desk located at the BCCI will work as the

platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. The NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### Objectives

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs that exporters from Bhutan face in other South Asian countries. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Bhutan which the Bhutanese importers encounter.

### Relevant stakeholders

As far as the market access of the Bhutanese exporters to other countries is concerned, many NTMs can be solved either through bilateral negotiations, or

more effectively under regional initiatives; In this case relevant policymakers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members represent the Ministries of Commerce and Ministries of Finance from all eight South Asian countries. The Policy Advocacy Group in Bhutan should maintain links with the representatives of the Ministry of Economic Affairs and the Ministry of Finance of the Government of Bhutan and assist them in the regular analysis of NTMs the Bhutanese exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain a close link with the Ministry of Foreign Affairs.

In the case of NTMs in Bhutan, which the importers in Bhutan face, the policy advocacy should be directed at different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Ministry of Economic Affairs and Ministry of Finance; different kinds of para-tariffs are maintained by the Ministry of Finance; and other forms of SPS and TBT related issues are dealt by the Bhutan Agriculture and Food Regulatory Authority (BAFRA) under the Ministry of Agriculture and Forest, the Ministry of Health, Bhutan Drug Regulatory Authority, Bhutan Narcotics Control Agency, the Bhutan Standard Bureau (BSB) and the National Environment Commission (NEC). In the case of transport and transit related issues Road Safety and Transport Authority (RSTA) under the Ministry of information and Communication (MoIC) should be directed for any policy advocacy.

### **Reaching policymakers**

#### **WHO**

The policymakers need to hear very clear analyses, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendation should be avoided, as it may render the advocacy ineffective. The analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how

much of it is actually related to Bhutanese exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the Bhutanese exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Bhutan Agriculture and Food Regulatory Authority and Bhutan Standard Bureau (BSB) so that their certificates are accepted in other countries. Many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Bhutan have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Bhutan can learn from the ITC Technical Paper Series on non-tariff measures to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understating the NTMs and procedural obstacles from a business perspective.<sup>9</sup> In South Asia, ITC has already done the exercise for Sri Lanka and Bangladesh. Similar exercise can be done for Bhutan with the help of ITC.

#### **? WHOM**

In Bhutan, the policymakers, especially the Ministry of Economic Affairs (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) themselves as they are the direct stakeholders. However, think tanks have the capacities to conduct sophisticated research on regional trade and NTMs and can thus put together NTM issues in a coherent way to raise the concerns of the policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia from the perspective of Bhutanese traders. However, above all, the Policy Advocacy Group will be in a better position to compile perspectives from all the stakeholders and present that information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

#### **? HOW**

The policy advocacy group will have to produce credible analyses, supported by data and reliable information which the policymakers will find useful. This will

<sup>9</sup> See <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/publications/>

help policymakers to device effective actions. The advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could take the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as highlighting any policy change may be published by the policy advocacy group.

### **Current status of policy advocacy on NTMs**

At present there is no Policy Advocacy Group on NTMs in Bhutan. The information and data on NTMs are relatively weak. There has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies. However, since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### **Next steps on policy advocacy implementation**

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analyses on NTMs on a regular basis. The NTM desk located at the BCCI should work as the Secretariat for the regular operations of the policy advocacy group. The NTM desk is also currently working on monitoring of the NTMs on some priority products, which are primarily related to the export of agro-processing and mineral products from Bhutan to other South Asian countries. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Bhutan authorities on imports from other South Asian countries.

### **Policy Advocacy Group taking action**

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group with active participation from different stakeholders. The advocacy group will flag issues and carry out effective analyses with the help of think tanks. A good idea would be to start with two priority NTM issues which the importers in Bhutan face domestically (for example, import licensing, relaxing the minimum value addition of 40% in the import of raw materials) and two priority NTM issues which the exporters from Bhutan face in other South Asian countries (for

example, port restriction and para tariffs).

### **Risk analysis**

There are risks involved with inactive participation of the members of the Policy Advocacy Group which may render the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Bhutan, an active representative from BCCI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. The regular availability of data also needs to be ensured. In many cases and despite the fact that they encounter NTM related problems, exporters and importers don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk of maintaining the links and connections with policymakers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

In the context of Bhutan, one major issue is developing the capacity of research on trade and NTM issues within think tanks, the business community and policymakers. A lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for using the M&E strategy:

#### **Operators**

The major user of this M&E is the policy advocacy group in Bhutan; they should monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the policy advocacy group in Bhutan.

#### **Subsequent use**

The report of the M&E process should be discussed at length at the national forum of the policy advocacy group in Bhutan as well as the regional forum hosted by the SAARC-TPN.

### ***Design***

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

### ***Indicators***

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

### ***Data collection tools***

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

**Suggested indicators are:**  
**number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.**

## 4.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN BHUTAN

Table 4: An action plan for the policy advocacy in Bhutan

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	BCCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	BCCI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk							Utilising the findings of the NTM desks to identify priority issues	Validating the findings on the priority issues
3	National workshop involving all the stakeholders	PAG/NTM desk								
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers							Use knowledge resources of the chambers for the papers to be published	Align timelines with WG-HCD for the Trainings on NTM
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD							Create media plans and work with journalists within the country to write on the NTM matters	Explore possibility of utilising TV for sensitisation of NTM issues
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	Self-assessment of the PAG
8	Monitoring and evaluation of the advocacy process	PAG								
9	Regular communications (formal and informal) with Ministry of Economic Affairs to help them in the South Asia negotiation process	PAG							Availability of the MoEA for regular interaction	To be considered for future possibility in coordination with SCCI
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									



## 4.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN BHUTAN

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Bhutan, leading business champions, and representative of a leading media will be the members of the PAG. Relevant representatives from the Department of Trade and Ministry of Economic Affairs could also be members of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### **Roles and responsibilities of the members:**

- The members of the PAG need to be dynamic and active and need to have a good understanding of regional trade and NTM issues
- Prepare a stakeholder mapping; identifying relevant people and organisations and preparing and maintaining their contact lists; collecting and analysing relevant information on NTMs
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs; writing newspaper articles; and setting up an internal committee for the M&E process

### **Roles and responsibilities of the chair:**

- The chair of the PAG needs to have both formal and informal access to the lead policymakers in Bhutan
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

### **Roles and responsibilities of the secretariat (NTM desk):**

- The NTM desk located at the BCCI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### **Procedures for convening meetings and operation, decision making process**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. Based on the agenda, the meeting will discuss and follow up on the progress of the decisions taken in the past meetings. The decisions of the meeting should aim to be based on a consensus.

## 4.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN BHUTAN (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>

**CHAPTER 5**

# Designing a Policy Advocacy Strategy in India



## 5.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN INDIA

### 5.1.1. POLICYMAKERS IN INDIA (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Directorate General of Foreign Trade (DGFT); Ministry of Commerce and Industry:** DGFT is the agency of the Ministry of Commerce and Industry, Government of India, responsible for execution of the import and export policies of India. It was earlier known as The Chief Controller of Imports and Exports (CCIandE) till 1991. Headquartered in Udyog Bhavan, New Delhi, it has four Zonal Offices in Delhi, Mumbai, Kolkata and Chennai headed by Zonal Joint Director General of Foreign Trade under its jurisdiction. There are 35 Regional Authorities all over the country as well. DGFT plays a very important role in the development of trading relations with various other nations and thus not only helps in improving economic growth but also provides a certain impetus needed in the trade industry.

**Central Board of Excise and Customs (CBEC):** The CBEC is a part of the Department of Revenue under the Ministry of Finance, Government of India. It deals with the formulation of policy concerning levy and collection of customs and central excise duties and service tax, prevention of smuggling and administration of matters relating to Customs, Central Excise, Service Tax and Narcotics to the extent under CBEC's purview. The Board is the administrative authority for its subordinate organisations, including the Custom Houses, Central Excise and Service Tax Commission rates and the Central Revenues Control Laboratory.

**The Ministry of External Affairs:** The Ministry of External Affairs also known as the Foreign Ministry is the government agency responsible for the conduct of India's relations with foreign countries. The Ministry is responsible for the country's representation in the United Nations and advises other Ministries and State Governments when the latter have dealings with foreign governments or institutions.

**Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Commerce and Industry:** APEDA was established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act passed by the Parliament in December, 1985. Some of the functions that APEDA performs are to develop industries related to scheduling product for export by providing technical assistance, undertaking surveys and feasible studies,

and participation in enquiry capital through joint ventures. They also fix standards and specifications for the scheduled products for the purpose of exports. Improve packaging of the scheduled products and marketing them outside India is also one of the functions assigned for APEDA. They are mandated with the responsibility of export promotion and development of the following scheduled products: dairy products, confectionery, biscuits and bakery products, honey, jaggery and sugar products, cocoa and cereal products among others. In addition to this, APEDA has been entrusted with the responsibility to monitor import of sugar.

**India Trade Promotion Organisation (ITPO):** Their major duties include managing the extensive trade fair complex, Pragati Maidan in the heart of Delhi. They organise various trade fairs and exhibitions at its exhibition complex in Pragati Maidan and other centres in India which helps to facilitate trade fairs and exhibitions by other fair organisers both from India and abroad. Other responsibilities include: Providing timely and efficient services to overseas buyers in vendor identification, drawing itineraries, fixing appointments and even accompanying them where required; Establishing durable contacts between Indian suppliers and overseas buyers; Assisting Indian companies in product development and adaptation to meet buyers' requirements; Organising Buyer-Seller Meets and other exclusive India shows with a view to bringing buyers and sellers together; And organising India Promotions with Department Stores and Mail Order Houses abroad. They also participate in overseas trade fairs and exhibitions; arrange product displays for visiting overseas buyers, and also organise seminars/conferences/workshops on trade-related subjects.

**Tariff Commission, Ministry of Commerce and Industry:** The commission works on evolving an overall tariff structure and looking into the issue of tariff rationalisation with a view of studying its impact on the domestic manufacturers regarding export competitiveness, inter-alia, covering the following aspects: Quality control, Technology gaps, Role of Public sector, Mapping schemes of various Ministries, Analysing the gaps in skills, Adequacy of testing facilities, Adequacy of standards, provisions in procurement system for encouraging technological development, production development and building national manufacturing capabilities, examining the Free Trade Agreements and their impact on the

competitiveness of domestic manufacturers. They also render advice on Technological developments / requirements, innovative pricing for Public Sectors Undertakings. They have been examining the inverted duty structure in products with a view to enhancing the trade competitiveness of domestic manufacturers.

#### **The Land Ports Authority of India (LPAI):**

The Land Ports Authority of India (LPAI) has been envisaged as a statutory body which will function as a body corporate under the administrative control of the Department of Border Management, Ministry of Home Affairs. The LPAI is expected to provide better administration and cohesive management of entry points/ land ports on the land borders and would be vested with the powers on the lines of similar bodies like Airports Authority of India.

**Bureau of Indian Standards (BIS):** The BIS works on standard formulation, certification of products and hallmarking. They have their registration system; provide testing and calibrations services (including i-care) and sell Indian standards and other publications. They have a trade facilitation cell.

#### **Standardisation Testing and Quality**

**Certification (STQC):** The STQC Directorate is an attached office of the Department of Electronics and Information Technology (DeitY), Government of India, which provides quality assurance services in the area of Electronics and IT through a countrywide network of laboratories and centres. Services include Testing, Calibration, IT and e-Governance and Training and Certification of public and private organisations. STQC laboratories have national/international accreditation and recognitions in the area of testing and calibration. Besides testing and calibration, STQC has specialised institutions such as Indian Institute of Quality Management (IIQM) for quality related training programs, the Centre for Reliability (CFR) for reliability related services and the Centre for Electronics Test Engineering (CETEs) for skill based trainings. In the area of IT and e-Governance, STQC provides assurance services through its IT centres for Software Quality testing, Information Security and IT Service Management by conducting testing, training, audit and certifications. STQC is responsible for maintaining eGov standards. Based on this concept, a Conformity Assessment Framework (CAF) for e-Governance projects has also been developed and is in operation.

#### **The Food Safety and Standards Authority of India (FSSAI):**

FSSAI has been established under Food Safety and Standards Act, 2006 which consolidates various acts and orders that have hitherto handled food related issues in various Ministries and Departments. FSSAI has been created for laying down science based standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. Ministry of Health and Family Welfare, Government of India is the Administrative Ministry for the implementation of FSSAI. The Chairperson and Chief Executive officer of Food Safety and Standards Authority of India (FSSAI) have been appointed by Government of India. The Chairperson is in the rank of Secretary to Government of India.

#### **Directorate of Plant Protection Quarantine and Storage:**

The Directorate of Plant Protection, Quarantine and Storage established under Department of Agriculture and Co-operation of Ministry of Agriculture, Government of India, is an apex plant protection organisation having the following key functions: to enforce Plant Quarantine Regulations issued under the Destructive Insects and Pests Act, 1914 and amendments issued there under to prevent introduction and spread of exotic pests; to implement the provisions of the Insecticides Act, 1968 and rules framed there under for effective control over use of pesticides; to fulfil the international commitment and obligations in respect of locust control and phytosanitary measures; to introduce and popularise innovative plant protection technologies such as integrated pest management (IPM) practices; to impart training in areas of plant protection technology, pesticide quality testing and pesticide residue analysis etc.; And to co-ordinate and liaise with State/ Union Territory Governments in all matters relating to plant protection.

#### **5.1.2. BUSINESS ASSOCIATIONS IN INDIA**

##### **Federation of Indian Chambers of Commerce and Industry (FICCI):**

The FICCI is an association of business organisations in India. Established in 1927, it is the largest and oldest apex business organisation in India. It is a non-governmental, not-for-profit organisation. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs. The chamber has an indirect membership of over 2,50,000 companies from various regional chambers of commerce. It is involved in sector-specific business policy consensus

building, and business promotion and networking. It is headquartered in New Delhi and has presence in 12 states in India and 8 countries across the world. FICCI is India's sole national issuing and guaranteeing association for ATA Carnets. ATA Carnets are used by TV / Film crews, journalists, engineers, musicians and industry for temporary moving equipment across borders. FICCI issues and endorses carnets, guarantees the payment of duties and taxes to customs (both domestic and foreign) authorities.

**Confederation of Indian Industry (CII):** The CII works to create and sustain an environment conducive to the development of India, partnering industry, government, and civil society, through advisory and consultative processes. CII is a non-governmental, not-for-profit, industry-led and industry-managed organisation, playing a proactive role in India's development process. Founded in 1895, India's premier business association has over 7900 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 240 national and regional sectoral industry bodies. CII charts change by working closely with the government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for the industry through a range of specialised services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

**Federation of Indian Micro and Small and Medium Enterprises (FISME):** FISME, though established in the year 1995, traces its origin to 1967 when the National Alliance of Young Entrepreneurs (NAYE) was established to promote small industries. In the pre-liberalized era (prior to 1991), the agenda of an interventionist and highly protectionist India was adequately met by NAYE. However, post liberalisation (after 1991), India needed to adopt a different approach for the promotion of Small and Medium Enterprises (SMEs). Subsequently, in the year 1995, NAYE along with eight state level associations formed FISME to lead SMEs in the refurbished economic environment. The national and global changes in the post liberalised era have shaped FISME's twin objectives of: (i) Promoting entrepreneurship and facilitating the creation of a competitive environment in the country; and (ii) Improving the market access for Indian Micro and Small and Medium Enterprises (MSMEs) in India and abroad. FISME is the progressive face of Indian MSMEs and is regarded as such by the Government of India. FISME is a member of National MSME Board formed under

MSME Act 2006. It is well represented in and consulted by SME policy making set-up of the country and also works in close cooperation with major multilateral and bilateral bodies in India such as UNIDO, ILO, UNCTAD, DFID, GIZ and others.

### 5.1.3. THINK TANKS IN INDIA

**Indian Council for Research on International Economic Relations (ICRIER):** Their major areas of research include macroeconomic management in an open economy, trade openness, restructuring and competitiveness, financial sector liberalisation and regulation, WTO related issues, regional economic cooperation with focus on South Asia, strategic aspect of India's international economic relations, the environment and climate change. To effectively disseminate research findings, ICRIER organises workshops, seminars and conferences to bring together academics, policymakers, and representatives from industry and media to create a more informed understanding on issues of major policy interest. ICRIER routinely invites distinguished scholars and policymakers from around the world to deliver public lectures and give seminars on economic themes of interest to contemporary India.

**Research and Information System for Developing Countries (RIS):** The RIS, a New Delhi based autonomous think-tank under the Ministry of External Affairs, Government of India, is an organisation that specialises in policy research on international economic issues and development cooperation. RIS is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on international economic issues. The focus of the work programme of RIS is to promote South-South Cooperation and assist developing countries in multilateral negotiations in various forums. RIS is engaged in the Track II process of several regional initiatives. RIS is providing analytical support to the Government of India in the negotiations for concluding comprehensive economic cooperation agreements with partner countries. Through its intensive network of policy think tanks, RIS seeks to strengthen policy coherence on international economic issues.

**Centre for WTO Studies, Indian Institute of Foreign Trade (IIFT):** The Centre for WTO Studies was set up in the year 1999 to be a permanent repository of WTO negotiations-related knowledge and documentation. It was also envisaged that the Centre would evolve into a research unit with interest in trade in general and WTO in particular

to finally develop into an independent think tank in the area. The Centre was later situated in the Indian Institute of Foreign Trade in November 2002. The research activities carried out by the Centre can be classified into two broad categories: first, those that are mainly demand driven, especially relating to current WTO and RTA negotiations. These include requests from the Government in which the Centre has been providing technical inputs, especially in the following areas: Agriculture, NAMA, Services, TRIPS, Subsidies and Anti-Dumping. Secondly, those that are autonomously taken up by the Centre: In this category, the Centre has taken up research in areas such as Trade and Gender, Trade and Environment, Trade in Cultural Products, Trade Facilitation, Developing web portal on SPS and TBT database.

## 5.2. UNDERSTANDING THE SALIENT FEATURES OF INDIA'S NTMs

Raihan et al (2014) highlighted that India's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on promoting strategic domestic industries and exports thereof, protection of local markets for domestic products, safeguarding against hazards to public health, environment, and perceptions of socio-political-religious and security issues of the policymakers, with very recent trends for openness towards SAARC neighbours. With a fairly large size of its economy in the global context (ranking 9<sup>th</sup> in nominal GDP and 3<sup>rd</sup> by Purchasing Power Parity according to IMF sources) and the second largest population in the world, India is by far the largest economy in the SAARC region. India's trade with the world is also significant, having the 19<sup>th</sup> position as exporter and the 10<sup>th</sup> position as importer in world trade, according to WTO ranking in 2012. India figures as the largest or the second largest (after China) trading partner for all other SAARC countries. India has 73% share of all intra-SAARC exports, but registers only 13% intra-SAARC imports. However, regional exports of India within SAARC constitutes only 7% of her global exports, and regional import figure for an insignificant 1% of India's global imports, according to IMF, Direction of Trade Statistics (DOTS), 2014. Until 1991 India deliberately followed a closed economy, and even after opening up since then, India carries forward, to a large extent, the complex restrictive regulatory regime dotted with quantitative restrictions, levies, para-tariffs, and

### 5.1.4. MEDIA IN INDIA

The Hindu is an English-language Indian daily newspaper. It is the one of the largest circulated English-language newspaper in India. It is the prime source of analytical views on socio-politico-economical, legal and administrative acts of Indian and other world institutions for Indian Administrative Service aspirants. The Hindustan Times (HT) is also one of the largest newspapers in India, by circulation. The Times of India (TOI) is an Indian English-language daily newspaper. It is the third-largest newspaper in India by circulation and largest selling English-language daily in the world.

## LARGEST ECONOMY IN SAARC

bureaucratic procedural complexities, as perceived by the business community. The neighbours, despite India's drastic liberalisation to SAARC under SAFTA, particularly for the SAARC LDCs (since November 2011), remain skeptical about trading with India due to its vast array of procedural fluctuations and arbitrary interpretations of regulatory regime.

### INDIA

#### LARGEST ECONOMY IN SAARC

**7%**  
share of total exports within SAARC

**1%**  
share of total imports within SAARC

**LARGEST OR SECOND  
LARGEST TRADING PARTNER  
OF EVERY SAARC COUNTRY**

### The salient features of NTMs in India

1. There are 428 products at 8 digit HS code level which are restricted and cannot be imported without any license
2. Import prohibition is maintained on 52 HS lines, in addition to 33 other products that are allowed to be imported only by State Trading Enterprise of India
3. Import of Beef in any form and import of products containing beef in any form is prohibited for religious reasons
4. Import of Genetically Modified Food, Feed, Genetically Modified Organism (GMOs) and Living Modified Organisms (LMOs) or any product containing any of these is subject to several kinds of certification, and other TBT measures
5. A total of 74 products are subject to compliance of the mandatory Indian Quality Standards, which are also applicable to domestic goods
6. Apart from Federal levies and duties, various states of India are free to impose different categories of duties that act as state-level para-tariffs and are often discriminatory for imported products. Such state-level para-tariffs cannot be brought under bilateral government level negotiations and are left unaddressed
7. India has provisions for using anti-dumping, countervailing and safeguard measures, and India uses anti-dumping and safeguard measures frequently

## 5.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR INDIAN EXPORTERS IN SOUTH ASIA

Raihan et al (2014) and Mittal (2015) found the following broad categories of NTMs most frequently faced by Indian exporters in South Asia:

**Port Restrictions:** Currently 137 Indian imports are allowed to enter Pakistan only through Attari-Wagah border between India and Pakistan. Apart from SPS related inspection and testing requirements, customs inspection procedures and other trade related factors, political considerations are a major reason for such port entry related restriction for exports from India to Pakistan. Indian traders, particularly exporters also face such port entry restriction measures in Bangladesh. For example certain categories of yarn, if imported under Bonded Warehouse system for use in export oriented garments sector in Bangladesh, need to pass through Chittagong Sea Port only, putting the Indian exporters of such yarns from adjacent states (Tripura and West Bengal for instance) into severe difficulty. India has been requesting Bangladesh for the removal of port restriction on export of vulcanized rubber thread via Akhaura LCS, which is affecting trade opportunities along with land port restrictions imposed by Bangladesh particularly on items like yarn, milk powder, fish, sugar, potatoes. Such Indian exports are allowed by the sea route, but not through all land custom posts.

**SPS Restrictions:** Bangladesh has imposed ban on import of poultry and poultry products from India for quite some time in the wake of outbreak of avian influenza (bird flu) in India. Since the outbreak of avian influenza is quite frequent in India, export of poultry products to Bangladesh is an irregular affair. In view of the above, India is following the concept of compartmentalisation as provided under the OIE guidelines. India has already requested Bangladesh authorities to lift the ban on import of poultry products from India and have invited a Bangladeshi team to see the compartmentalisation being carried out. Custom inspection on the Nepal side is one of the major issues concerning the India-Nepal trade. The entire inspection process could be more time and cost efficient. For eg. regulations relating to SPS measures are one of the major hurdles. The Nepalese custom officials carefully scrutinise every Indian vehicle and every export item coming into Nepal from India.

Even though this practice is justifiable, involvement of a series of monitoring agencies delay the clearance process, leading to high transaction costs. The Department of Drug Administration of Nepal demands that all the Ayurvedic drugs imported should have a COPP Certificate vide WHO-GMP norms. This rule is not applicable to the Ayurvedic drugs manufactured in Nepal. Thus, this requirement works as a non-tariff barrier for exports of Ayurvedic medicines from India to Nepal.

**Sensitive list:** India has been reiterating its request for the removal of 225 items from Bangladesh sensitive list under SAFTA. As on date, only 21 items have been removed, which is less than ten percent of the items identified as export interest by the Indian side. India has urged Bangladesh to respond positively to the proposal that was put forward by Bhutan, India, Maldives and Pakistan, that peak tariff on all products be reduced by all member countries to 0-5% by the year 2020, excluding a small number of about 100 tariff lines which may still remain in the respective sensitive lists of each member country.

**Rules of Origin (RoO):** There have been concerns from Indian side about possible mis-declaration of “Country of Origin Certificate” for the textiles and betel nuts imported from third countries and exported to India after they are re-packed/ re-invoiced without any major value addition.

**Payment difficulties:** The issue relating to payment defaults by the Bangladeshi importers arising out of not honouring irrevocable letters of credit and LICs on due date, non-payment of interest for delays and returning LICs without payment by the Bangladesh banks have long been haunting the Indian exporters.

**Pre-shipment inspections (PSI):** India has conveyed its concern regarding the pre-shipment inspection being mandatory except in case of goods specifically exempted and requested that the same should be abolished, as is the norm worldwide. There have been frequently reported delays in issuance of Khamarbari certificates in respect of export of agricultural commodities from India, especially potatoes.

## 5.4. CREATING A POLICY ADVOCACY GROUP IN INDIA

### **Formation**

Policy advocacy on regional trade issues has a strong base in India. The stakeholders are very active in organising different formal and informal meetings with the policymakers in India. Also, there is an active presence of the think tanks with regular research and publications on regional trade issues.

The advocacy group in India will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

1. A representative from FICCI as the convener
2. A representative from FISME
3. A representative from CII
4. A representative from the Department of Commerce, Government of India
5. A representative from the ICRIER
6. A representative from a leading national newspaper.

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group. The NTM desk located at the FICCI will work as the platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### **Objectives**

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in other South Asian countries which exporters from India face. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in India which the Indian importers encounter.

### **Relevant stakeholders**

Primarily as far as the market access of the Indian exporters to other countries is concerned, many of these NTMs can be solved either through bilateral negotiations or more effectively under regional initiatives; In this case relevant policy makers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its

different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members are the representatives from Ministry of Commerce and Ministry of Finance from all eight South Asian countries. The Policy Advocacy Group in India should maintain links with the representatives of Department of Commerce and Ministry of Finance of the Government of India and assist them in the regular analysis on NTMs the Indian exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with the Ministry of External Affairs. Therefore, there is a need to maintain a close link with the Ministry of External Affairs.

In the case of NTMs in India, which the importers in India face, the policy advocacy should be directed at different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff and para-tariff issues are dealt by Department of Commerce and the Ministry of Finance; and other forms of SPS and TBT related issues are dealt by the Bureau of Indian Standards (BIS), Standardisation Testing and Quality Certification (STQC), the Food Safety and Standards Authority of India (FSSAI), and Directorate of Plant Protection Quarantine and Storage. In the case of infrastructural related issues at the land custom station, the Land Ports Authority of India (LPAI) should be directed for any policy advocacy.

### **Reaching policymakers**

#### WHO

The policymakers need to hear a very clear analysis, information and updated data on NTMs in the country and in the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to Indian's exporters' lack of capacity to meet the required standards. Also, there are major issues with procedural obstacles in India, and many NTMs turn into NTBs due to such procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for India have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in India can learn from the ITC Technical Paper Series on non-tariff measures, to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understanding the NTMs and procedural obstacles from business perspectives.<sup>10</sup> In South Asia, ITC has already done the exercise for Sri Lanka and Bangladesh. Similar exercise can be done for India with the help from ITC.

Also, it has been highlighted by the Indian policymakers that a large part of the NTM related complaints are related to weak infrastructure at the land custom stations in the South Asian countries as well as lack of testing and laboratory facilities nearby the land custom stations. Therefore, improvements in relevant infrastructure should be on high priority.

## WHOM

The policymakers, especially the Department of Commerce (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) themselves, as they are the direct stakeholders. However, think tanks have the capacities to conduct sophisticated research on regional trade and NTMs and can thus put together NTM issues in a coherent way and raise concerns to the policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia from the perspectives of Indian traders. The Policy Advocacy Group will be in a better position to compile perspectives from all the stakeholders and present this information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

## HOW

The Policy Advocacy Group will have to produce credible analysis, supported by data and reliable information which the policy makers will find useful. This will help policy makers to devise effective actions. The advocacy group should follow up with

the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as any policy change may be published by the Policy Advocacy Group.

### Current status of policy advocacy on NTMs

At present there is no Policy Advocacy Group on NTMs in India. Though there is a plenty of information on NTMs in India, there is a need for regular systematic analysis of them. There has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies related to India-Pakistan bilateral trade by ICRIER and RIS. However, since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### Next steps on policy advocacy implementation

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at FICCI should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk is also currently working on identifying and classifying trade restrictive measures, design programs to help firms conform to standards and regulations, and examine how to implement a new, flexible, and expedient NTB resolution mechanism to tackle NTBs in South Asia, drawing upon other regional and multilateral mechanisms in force. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Indian authorities on imports from other South Asian countries.

### Policy Advocacy Group taking action

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group with active participation from different stakeholders. The advocacy group will flag issues and carry out effective analysis with the help of the think tanks. A good idea would be to start with two priority NTM

<sup>10</sup>See <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/publications/>

issues which the importers in India face domestically (for example, transparency in requirement of product standards and state-level para-tariffs) and two priority NTM issues which the exporters from India face in other South Asian countries (for example, port access restrictions and SPS restrictions).

### **Risk Analysis**

There are risks involved with inactive participation of the members of the policy advocacy group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of India, an active representative from FICCI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases and despite the fact that they encounter NTM related problems, exporters and importers don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk of maintaining the links and connections with policy makers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

Despite the fact that the capacities of research on trade and NTM issues within the think tank, business community and policy makers are much better than in any of the other South Asian countries, there is still a need for building capacities on emerging NTM issues. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for monitoring and evaluation of the strategy:

#### **Operators**

The major user of this M&E is the policy advocacy group in India to monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the policy advocacy group in India.

#### **Subsequent use**

The report of the M&E process should be discussed in length at the national forum of the policy advocacy group in India as well as the regional forum hosted by the SAARC-TPN.

#### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

#### **Indicators**

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policy makers; number of informal meetings with policy makers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

#### **Data collection tools**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 5.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN INDIA

**Table 5:** An action plan for the policy advocacy in India

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	FICCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	FICCI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk								Utilising the findings of the NTM desks to identify priority issues
		PAG/NTM desk								
3	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers								Use knowledge resources of the chambers for the papers to be published
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								Create media plans and work with journalists within the country to write on the NTM matters
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
8	Monitoring and evaluation of the advocacy process	PAG							Overstated achievements	Self-assessment of the PAG
9	Regular communications (formal and informal) with Ministry of Commerce and Industry to help them in the South Asia negotiation process	PAG							Availability of the MoCI for regular interaction	
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



## 5.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN INDIA

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in India, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Department of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### **Roles and responsibilities of the members:**

- The members of the PAG need to be dynamic and active and need to have a good understanding of regional trade and NTM issues
- Prepare a stakeholder mapping; identifying relevant people and organisations and preparing and maintaining their contact lists; collecting and analysing relevant information on NTMs
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs; writing newspaper articles; and setting up an internal committee for the M&E process

### **Roles and responsibilities of the chair:**

- The chair of the PAG need to have both formal and informal access to the lead policymakers in India
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

### **Roles and responsibilities of the secretariat (NTM desk):**

- The NTM desk located at the FICCI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### **Procedures for convening meetings and operation, decision making process:**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. The meeting will discuss based on the agenda and will follow up the progress on the decisions taken in the past meetings. The decision of the meeting should be tried to be based on a consensus.

## 5.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN INDIA (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>



# CHAPTER 6

# Designing a Policy Advocacy Strategy in Maldives



## 6.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN MALDIVES

### 6.1.1. POLICYMAKERS IN MALDIVES (MINISTRIES AND AFFILIATED ORGANISATIONS)

#### **Ministry of Economic Development (MED):**

The MED was formed with a mandate to oversee all activities and matters related to trade and the economy. The functions of the Ministry include the registration of different types of businesses, investments, companies and intellectual properties among other trade related entities. The Ministry is tasked with the development of economic and investment policies, in consultation with other government stakeholders; develop commerce and industrial activities in the country; attract and promote investments into the country; regulate imports, exports and re-exports; develop and promote exports and re-exports; register and regulate businesses, companies, partnerships and cooperative societies; develop and promote small and medium enterprises; set and regulate standards in metrology; develop and enforce intellectual property rights; act as the focal point related to all bilateral, regional and multilateral issues related to trade and commerce; set the policies, guidelines and create the necessary legislations and regulations to promote and regulate trade and economic development activities, maritime and land transportation sector, employment, labour and labour related issues and work related to international conventions and covenants already signed or to be signed, related to the areas where the Ministry has the mandate.

**Ministry of Finance and Treasury:** The Mission of this Ministry is to provide the country with a sound macroeconomic framework that leads to sustained growth, with the use of sustainable, non-inflationary fiscal policy.

**Maldives Customs Services:** The organisation is headed by Commissioner General of Customs. Service branches include North Regional Customs, South Regional Customs, Airport Customs and Seaport Customs.

**Ministry of Foreign Affairs:** The Ministry of Foreign Affairs of Maldives oversees the foreign relations of Maldives. This Ministry is responsible for organising the SAARC Summit and perusing bilateral and regional cooperation issues in South Asia.

**Maldives Food and Drug Authority, Ministry of Health:** Setting the standards of food and drugs.

**Health Protection Agency:** Protection of human health.

**Ministry of fisheries and agriculture:** Looks after agricultural and fisheries development.

**Ministry of Environment and Energy:** Looks after environmental issues.

#### **Maldives Standards and Metrology Unit (MSMU):**

The non-tariff barriers to international trade have been a subject of intense focus. Standards and conformity assessment systems are the main instruments used by different countries to create barriers for free flow of goods and services. To mitigate obstacles to international trade, Technical Barriers to Trade (TBT) have been brought out for facilitating international trade. Standardisation, regulation and conformity assessment systems form the core of this agreement as it is widely recognised to support economic development, facilitating trade and improving the quality of life through encapsulating new technologies in usable tools for the industry. These benefits have been further reinforced by reference to standards in contracts, legislation, public purchasing and by using them as a basis for certification. The Ministry of Economic Development established a Standards and Metrology Unit within its structures in 2007, and has ever since, been continuously working on awareness, facilitation of quality assurance and metrology services to businesses in different industries, close collaboration with relevant stakeholders in adopting technical regulations with relations to technical standards and conformity assessment. Additionally, the Ministry is currently working on the relevant legislations related to standards, namely the Standards Law.

### 6.1.2. BUSINESS ASSOCIATIONS IN MALDIVES

**Maldives National Chamber of Commerce and Industries (MNCCI):** MNCCI functions as trade and investment promotion portal for local and foreign business houses, Chambers and Business Councils as well as countries that do not have a business office in the Maldives. Its objectives are to protect and advocate the business interests of our members and create stimulating opportunities for members to exchange views on issues of interest and importance to their business operations and strategy. Promote constant dialogue with the Maldivian Government so that members' views may be incorporated in any

decision-making process. Build relationships with other international trade organisations. Participate in the formulation of legislation, trading and industrial procedures when invited by the Government. Nominate representatives to advisory committees and statutory bodies. Provide up-to-date business intelligence and information. Assist members in dealing with official organisation. Provide trade and investment advice to local and overseas visitors.

#### **6.1.3. THINK TANKS IN MALDIVES**

There is no think tank in Maldives focusing on regional trade and NTM issues. The major research

and analysis on these issues are carried out by the Ministry of Economic Development.

#### **6.1.4. MEDIA IN MALDIVES**

There are both daily and weekly newspapers in Maldives. The leading daily newspapers include Vnews.mv (daily News in Dhivehi and English), Haveeru Daily, Miadhu Daily, Minivan Daily, sun.mv Daily and vaguthu.mv Daily. The weekly newspapers include Weekly Weekly, Adduvas Weekly, Fiyes Weekly, Huvaas Weekly, Manas Weekly, Monday Times (English), Udhares Weekly and Evening weekly (English).

## **6.2. UNDERSTANDING THE SALIENT FEATURES OF MALDIVES'S NTMs**

Raihan et al (2014) highlighted that Maldives, being one of the small and vulnerable island economies, has its national policies, related to trade, industry, and economy with a focus on the protection of its own people, culture, and environment, and resources. With the small size of its economy and population, Maldives' trade with the world is fairly limited. Being an island country comprising of atolls, with limited capacity for agricultural farming but significant sea resources, majority of cross-border trade of Maldives is in sea food for exports, and food items and other consumer products for imports. Within SAARC region, Maldives has trading relationship with India as the largest trading partner, with Sri Lanka as the 2<sup>nd</sup> largest trading partner, and Pakistan being a distant 3<sup>rd</sup> largest trading partner in terms of total trade volume of both export and import. Maldives' trade data do not show any record of trade with Afghanistan, and Bhutan at all, and insignificant trade (below US \$ 1 million) relationship with Bangladesh and Nepal. However, regional trade of Maldives with the SAARC constitutes 7% of its global exports and 14% of its global imports in 2014 according to IMF, Direction of Trade Statistics (DOTS).

### **MALDIVES**

#### **INDIA IS THE LARGEST TRADING PARTNER**

#### **SRI LANKA IS THE 2<sup>ND</sup> LARGEST TRADING PARTNER**

#### **PAKISTAN BEING A DISTANT 3<sup>RD</sup> LARGEST TRADING PARTNER IN TERMS OF TOTAL TRADE VOLUME OF BOTH EXPORT AND IMPORT**

### The salient features of NTMs in Maldives

1. Under Export and Import Law, 1979 (Law 31/79), all imports are subject to licensing, which is used mainly for import monitoring purposes. Licenses for a specific value and time period are issued free of charge upon application to the Ministry of Economic Development. For any renewal of licenses, importers need to re-apply and the application is usually approved. Licenses are also required for importing restricted items. Import licenses are issued only to pre-registered companies, partnerships, cooperative societies and individuals, who have permits to import and sale imported products. Licenses are also issued to those who want to import for personal use, without the necessary permits to import and sell imported items stated above. Such licenses are issued upon request and are issued to import the items specified in that request
2. Five categories of products, e.g., religious materials offensive to Islam, idols (for worship), pornographic materials, narcotics and psychotropic substances, and live pigs are banned for imports on religious, social, and moral grounds
3. A total of 22 categories of items, e.g., whales, turtles, dolphins, black corals, etc., are prohibited for exports, on ecological and environmental grounds
4. Maldives do not have any other taxes on imports, other than customs duty, except for a specific duty on cigarettes. There is 50% export tax on only one product (ambergris), but is no longer applied as there is no more export of ambergris from Maldives
5. The State Trading Organisation (STO) is the main government-controlled entity involved in imports. The STO also operates fourteen retail outlets throughout the islands. Its main function is to ensure sufficient domestic supplies of staple food products, such as rice, flour, and sugar; and it accounts for 70-80% of total imports of these three products. Furthermore, the STO imports a large range of other products, including oil, construction materials, and essential drugs, on a commercial basis, where it competes with private-sector importers. As a consequence, the STO remains dominant in the market place, accounting for approximately 17.6 % of all imports into the Maldives for the period of January – September in 2013 (Source: Maldives Customs Service)
6. Kooddoo Fisheries Maldives Ltd is one of the main State Owned Enterprise (SoE) involved in exporting. It accounts for 30% of total merchandise exports. Both Felivaru Fisheries Maldives and Maldives Industrial Fisheries Co. Ltd, two other SoEs involved in exporting merchandise exports, jointly hold a market share of about 8%
7. Maldives does not yet have functional regulations and laws on standards, TBT, and SPS issues, and as such accepts certifications by the exporting countries adhering to international standards, and go by the standards of the importing countries for its exports. In the absence of separate functional regulatory bodies, the Ministry of Economic Development is the implementation authority for such issues under Export and Import Law, 1979

## 6.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR MALDIVIAN EXPORTERS IN SOUTH ASIA

The major NTMs faced by Maldivian exporters:

**SPS:** Maldives' exports often face restrictions on quality and SPS issues in importing countries due to absence of proper testing and inspection facilities. As a result, Maldives cannot often take the opportunity to access the potential markets directly. For Maldivian exports of deep-sea products to EU, such products often have to be tested in facilities in Sri Lanka and then exported to the EU. There are complaints of arbitrary use of SPS standards by Sri Lankan authority on import of salted fish and dried fish products from Maldives.

**Certification Requirements:** Maldives' exporters of tuna and other products from the deep-sea need certification for radioactivity, and other health related issues, in order to meet SPS requirements. Mandatory grading and sorting is also done and relevant certificates are issued for exports. Additionally, there is a need for obtaining a Certificate of Origin to be submitted in order to get concessions for shipments to Europe and other major destinations. Pre-Shipment Inspection certificates for exports as per the requirement of the importing countries also need to be issued with certain products. In absence of adequate quality infrastructure in Maldives, exporters face difficulties in accessing export markets, particularly for processed food items.

## 6.4. CREATING A POLICY ADVOCACY GROUP IN MALDIVES

### Formation

The advocacy group in Maldives consists of active advocates from three different stakeholders (i.e. policymakers, business association and media). The advocacy group could be composed as follows:

1. A representative from the MNCCI as the convener
2. A representative from the Ministry of Economic Development
3. A representative from a leading media working on regional trade and NTM issues.

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group.

There is no NTM desk in Maldives. An NTM desk needs to be established at the MNCCI, which can work as the platform for the advocacy group. The NTM desk officer will act as the Member Secretary of the advocacy group. See Annex 1 for elaborated information on the NTM desks.

### Objectives

The Policy Advocacy Group will aim for harmonisation and transparency of all kinds of NTMs and reduction of NTBs exporters from Maldives face domestically as well as South Asia as a whole. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Maldives which the Maldivian importers encounter.

### Relevant stakeholders

Primarily as far as the market access of the Maldivian exporters to other countries is concerned, many of these NTMs can be solved either through bilateral negotiations, or more effectively under regional initiatives. In this case, relevant policy makers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members are the representatives from Ministry of Commerce and Ministry of Finance from all eight South Asian countries. The policy advocacy group in Maldives should maintain links with the representatives of the Ministry of Economic Development and Ministry of Finance and Treasury of the Government of Maldives and assist them in the regular analysis on NTMs the Maldivian exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain a close link with the Ministry of Foreign Affairs as well.

In the case of NTMs in Maldives, which the importers in Maldives face, the policy advocacy should be directed to different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Ministry of Economic Development, Ministry of Finance and

Maldives Customs Services; and other forms of SPS and TBT related issues are dealt by the Maldives Standards and Metrology Unit (MSMU), Maldives Food and Drug Authority, Health Protection Agency, Ministry of fisheries and agriculture or Ministry of Environment and Energy.

### Reaching policymakers

#### WHO

The policymakers need to hear a very clear analysis, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to Maldivian exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the Maldivian exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Maldives Standards and Metrology Unit (MSMU) so that their certificates are accepted in other countries. Many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Maldives have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Maldives can learn from the ITC Technical Paper Series on non-tariff measures to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understating the NTMs and procedural obstacles from business perspectives.<sup>11</sup> In South Asia, ITC has already done the exercise for Sri Lanka and the report for Bangladesh was published in 2015. Similar exercise can be done for Maldives with the help from ITC.

#### WHOM

The policy makers, especially the Ministry of Economic Development (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) because

they are the direct stakeholders. In Maldives, the Ministry of Economic Development has the capacity to conduct sophisticated research on regional trade and NTMs, and could thus put together these NTM issues in a coherent way to raise concerns of the policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia with the perspectives from the Maldivian traders. The policy advocacy group can compile perspectives from all the stakeholders and present this information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

#### HOW

The Policy Advocacy Group will have to produce credible analysis, supported by data and reliable information which the policy makers will find useful. This will help policymakers to device effective actions. The advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which represent simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as any policy change may be published by the policy advocacy group.

#### Current status of policy advocacy on NTMs

At present there is no Policy Advocacy Group on NTMs in Maldives. There is no NTM desk yet. The information and data on NTMs are relatively weak. However, there has been major recent work titled, "NTMs in South Asia: Assessment and Analysis" by Raihan et al (2014), and there have been some other studies. However, since it is a dynamic process in the sense that existing exporters and new exporters face new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

#### Next steps on policy advocacy implementation

At first an NTM desk needs to be set up at the MNCCI. Then a Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk, which should be located at the

MNCCI, should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk should work on monitoring of the NTMs on some priority products related to imports and exports.

### **Policy Advocacy Group taking action**

A concrete policy action matrix has been suggested. The initial step should be to establish an NTM desk at the MNCCI and then form an advocacy group with active participation from different stakeholders. The advocacy group will flag out issues and carry out effective analysis with the help from the research division of the Ministry of Economic Development. A good idea would be to start with two priority NTM issues which the importers in Maldives face domestically (for example pre-registration and licensing requirement for imports and developing functional regulations and laws on standards, TBT, and SPS issues) and two priority NTM issues which the exporters from Maldives face in other South Asian countries (for example SPS and certification requirements).

### **Risk analysis**

There are risks involved with inactive participation of the members of the Policy Advocacy Group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Maldives, an active representative from the MNCCI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, they don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, creating the challenge of maintaining the links and connections with policy makers. This risk could be minimised through early anticipation of the change in the membership structure of the advocacy group and though some extra efforts of communication from new members.

In the context of Maldives, one major issue is developing the capacity of research on trade and NTM issues within the think tank, business community and policymakers. Lack of relevant and good research

on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for the monitoring and evaluation (M&E) of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Maldives; they should monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Maldives.

#### **Subsequent use**

The report of the M&E process should be discussed at length at the national forum of the Policy Advocacy Group in Maldives as well as the regional forum hosted by the SAARC-TPN.

#### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

#### **Indicators**

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

#### **Data collection tools**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, the M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 6.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN MALDIVES

**Table 6:** An action plan for the policy advocacy in Maldives

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the NTM desk at the MNCCI	MNCCI							Lack of interest from MNCCI	MNCCI has to take quick action.
2	Setting up the Policy Advocacy Group	MNCCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	MNCCI								
	Contact Ministry of Commerce for representation in the group	PAG								
3	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk								Utilising the findings of the NTM desks to identify priority issues
		PAG/NTM desk								
4	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
5	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers								Use knowledge resources of the chambers for the papers to be published
		National chambers								
6	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
7	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								Create media plans and work with journalists within the country to write on the NTM matters
		PAG								
		PAG								
8	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
9	Monitoring and evaluation of the advocacy process	PAG							Overstated achievements	Self-assessment of the PAG
10	Regular communications (formal and informal) with Ministry of Economic Development to help them in the South Asia negotiation process	PAG							Availability of the MED for regular interaction	
11	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
12	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



## 6.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN MALDIVES

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Maldives, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Ministry of Economic Development could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### Roles and responsibilities of the members:

- The members of the PAG need to be dynamic and active and need to have a good understanding of regional trade and NTM issues
- Prepare a stakeholder mapping; identifying relevant people and organisations and preparing and maintaining their contact lists; collecting and analysing relevant information on NTMs
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs; writing newspaper articles; and setting up an internal committee for the M&E process

### Roles and responsibilities of the chair:

- The chair of the PAG needs to have both formal and informal access to the lead policymakers in Maldives
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at the chambers

### Roles and responsibilities of the secretariat (NTM desk):

- At first the NTM desk need to be established at the MNCCI which can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### Procedures for convening meetings and operation, decision making process

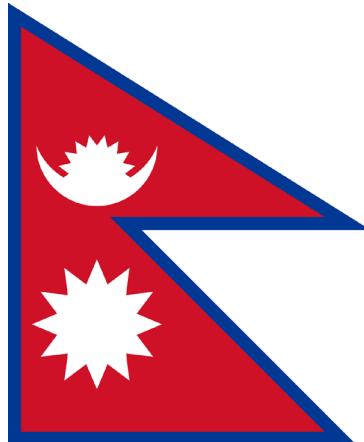
The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. Based on the agenda the meeting will discuss and follow up with the progress on the decisions taken in the past meetings. The decision of the meetings should be tried to be based on a consensus.

## 6.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN MALDIVES (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>

**CHAPTER 7**

# Designing a Policy Advocacy Strategy in Nepal



## 7.1 IDENTIFYING THE MAJOR STAKEHOLDERS IN NEPAL

### 7.1.1. POLICYMAKERS IN NEPAL (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Ministry of Commerce (MoC):** The major scopes include formulation, implementation, monitoring and evaluation of policy, plan and programmes relating to commerce, trade and supply; study, research and survey of internal (domestic) and international trade; formulation, implementation, monitoring and evaluation of policy, plan and programmes relating to export and import; regulation and supply of essential goods and commodities; export promotion; operation of government and public trade; operation of corporations, boards, enterprises, companies etc. relating to commerce and supply; liaison with international institution relating to commerce, trade and transit; liaison, coordination, negotiation, agreement and commitment with multilateral trade organisations including the World Trade Organisation; implementation and monitoring of relation, coordination, negotiation, agreement and commitment with regional trade agreement organisations including SAFTA and BIMSTEC; bilateral and multilateral trade treaty and agreements; transit, warehouse and management of international transportation; multimode carriage of goods; formulation, implementation, monitoring and evaluation of policy, plan and programmes relating to food and other essential consumer goods and commodities; import, processing, storage, supply and regulation of petroleum products; protection of rights and interests of the consumers; control of syndicate and cartel; internal market management and competition promotion; regulation and promotion of international trade diplomacy; establishment and management of infrastructure such as dry ports, container fret station, warehouse etc.

**Ministry of Finance (MoF):** The MoF is the central authority of the Government of Nepal charged with the responsibilities for maintaining both micro and macro-economic stability in the country. Moreover, the key role of the Ministry lies with the more rationale allocation of resources; better management of public expenditure; enhanced mobilisation of both internal and external resources; greater performance in public investments and strengthening of the productive capacity of public enterprises; open and simple foreign exchange policies and regulation, and prudent fiscal and monetary policies.

**Ministry of Foreign Affairs:** The Ministry works on formulation, implementation, monitoring and

evaluation of foreign policy, plan and programmes of Nepal. They maintain a relation with foreign nations and represents Nepal in foreign countries. They provide with diplomatic protections and privileges, take part in international negotiations and do economic diplomacy.

**Ministry of Industry:** This Ministry works on policy formulation, planning and implementation of industry, commerce and essential commodities. Keeping liaison activities for international and regional industrial institutions is also their responsibility. They also provide certification and promotion relating to standard and metrology. They conduct study, research and survey concerning internal and international trade. Finally, they can take decisions related to import / export trade policy and operation of International trades.

**Ministry of Agricultural Development:** This Ministry bears the overall responsibility for the growth and development of the agriculture sector. The Ministry is the central apex body of the Government of Nepal to look after the agriculture and allied fields. The Ministry consists of six divisions, two centres, one research and development fund, three departments, five projects and one autonomous body consisting of one research council, one corporation, two development boards, two companies and a few development committees. Agencies under this Ministry deal with SPS and quarantines.

**Trade and Export Promotion Centre's Profile, Ministry of Commerce:** The Government of Nepal has established the “Trade and Export Promotion Centre”, a national trade promotion organisation in November 2006, as a focal point, by merging three organisations namely Trade Promotion Centre, Export Promotion Board and Carpet and Wool Development Board, with the objective of promoting foreign trade in general and export trade in particular. Their major functions are to advise the Government of Nepal on formulating policies for the development and expansion of trade and exports.. They launch programmes by establishing coordination among different agencies for increasing the production of exportable products. Additionally, they assist in diversifying trade by identifying potential markets for these products. The centre cooperates in opening institutions for export promotion and to diversify trade by extending support to such institutions. They plead for technical assistance with national and international

organisations for improving quality/standard of exportable products. Their job is to implement appropriate programmes so as to attract investment at the national and international level for export-oriented and import management projects. They act as information pool by collecting, disseminating and publishing useful trade-related information and also work to study and identify the problems of foreign trade. They further advise the Government of Nepal with appropriate measures to solve such problems and assist in market test of exportable products. They also organise buyers/seller meetings and conduct training seminars and workshops. On the whole, they simplify the procedures relating to quality control, insurance and transport and enhance support services for export transactions.

#### **Department of Customs, Ministry of Finance:**

1 PCA (Post Clearance Audit) office and 30 main customs offices all over the country (Including one at Tribhuvan International Airport) are under the direct supervision of the Department and 143 sub-customs offices are under the supervision of these main customs offices. Since Nepal is a land-locked country, it does not have sea port customs. International Airport customs are headed by the chief customs administrator of the joint secretary level whereas the other main customs offices are headed by either the Chief Customs officer of the under-secretary level or the Customs officer. The sub-customs offices are headed by Customs Inspectors. The number of customs officers and sub-ordinate staffs in a customs office will vary with the volume of transaction. Altogether, there are 1273 employees under the department. The role of customs in total tax collection is significant. It contributes about one third to the total tax revenue of the government. Considering the facts about the volume of transaction, the customs offices will remain open longer than office hours if necessary, to facilitate the movement of people and trade. The main functions performed by local customs are clearance of import and export cargo, clearance of passengers and their baggage, classification of goods, valuation of goods, post clearance audit, assessment and collection of import and export duty, assessment and collection of levies and other charges on behalf of other agencies of the government, foreign trade regulation, control of illegal activities in the border, enforcement of custom law and other related law, prevention and detection of smuggling of commercial frauds, provision of trade information, penalisation of offenders and seizure.

#### **Nepal Bureau of Standards and Metrology**

**(NBSM):** Under the “Nepal Standard (Certification Mark) Act 2037”, Nepal Council for Standards (NCS) was formed as the governing body for Quality, Standards, Testing and Metrology (QSTM) activities in Nepal. NBSM is to act as the secretariat to this council. Their functions, duties and responsibilities are to establish, name and revise national standards, to adopt and to recognise standards established by other national bodies and international standardisation institutions. They determine the fees for granting license to use quality certification Marks (NS Mark). They form committees, sub-committees as per future need in the field of formulating standards and related matters. Other activities as directed by the act are to work as a secretariat to Nepal Council for Standards (NCS), assist NCS by formulating draft standards, and grant the license to use NS Mark on industrial products in compliance with relevant Nepal Standards as approved by NCS. They also carry out the inspection and supervision activities on industrial production and processes as well as necessary surveillance in the market. They provide testing facilities and calibration and laboratory accreditation services. Other responsibilities include appointing or designating inspectors acting as signatory of the agreement with the industry on the proper use of licenses, as well as on renewing, suspending or cancelling licenses to use NS Mark.

#### **Department of Food Technology and Quality Control (DFTQC):**

The Department was established in 1961 as Department of Food and placed in Singha Durbar, which later in 1965 was shifted to the present location of Barbarmahal, Kathmandu. In 1966, the Department of Food then was renamed as Food Research Laboratory. The laboratory was again converted to Central Food Research Laboratory (CFRL) in 1980 and known by this name until it finally became the Department of Food Technology and Quality Control (DFTQC) in 2000. The main aim is to ensure and enhance the quality and safety of food and food products in the country. Further, the department has a paramount role in augmenting appropriate food processing and post-harvest techniques to promote agribusinesses. Similarly, the department has been implementing various food and nutrition activities for the reduction of various forms and types of malnutrition in the country. DFTQC, apart from having been entrusted with the role of the CODEX Contact point for Nepal for more than three decades, has also been given the role of the National SPS Enquiry Point in 2004.

### 7.1.2. BUSINESS ASSOCIATIONS IN NEPAL

**Federation of Nepalese Chamber of Commerce and Industry (FNCCI):** FNCCI represents the entire business community of the country in national and international forums. They work on preparing recommendations for promoting exports and investment and provide expertise services to exporters, importers and investors. On a regular basis, FNCCI conducts trainings, workshops, seminars on chamber management, productivity, entrepreneurship, quality management, environment and information exchange produces publications, and documentations, maintains industrial relations, , and provides “One Stop” services to its members.

**Federation of Nepal Cottage and Small Industries (FNCSI):** Federation of Nepal Cottage and Small Industries (FNCSI) is an Umbrella Organisation of Micro, Cottage and Small entrepreneurs of Nepal. Since its inception, FNCSI has been working on the promotion of Micro, Cottage and Small Industries (MCSIs) through a wide range of activities and services. FNCSI has been organising various promotional activities like, interactions, trainings, workshops, seminars, conferences, exhibitions etc. and participation on International Trade Fairs. FNCSI is the focal organisation for the private sector and lobbies and advocates on MCSIs issues. FNCSI also collaborates with government line agencies and development partners for policy formulation and revision including policy and strategic planning. FNCSI is dedicated on capacity enhancement of its members and MCSIs sector of Nepal at large.

**Confederation of Nepalese Industries (CNI):** The Confederation of Nepalese Industries (CNI) is a professionally led manufacturing and service sector industry and the apex body of the large and medium scale industrial community of Nepal. It has a membership base consisting of nearly all of the big corporate houses of Nepal, Nepalese blue-chip companies and joint venture companies spread across a wide and diversified spectrum of sectors related to manufacturing, information, communication and entertainment, banks and financial institutions, insurance, travel tourism and hospitality, utilities, infrastructure and construction.

**Nepal Chamber of Commerce (NCC):** The Nepal Chamber of Commerce, established in 1952, (corresponding to Bikram Sambat 2009) is the first Chamber of Commerce of Nepal. At present, it has more than 1,600 ordinary members and more

than 8,000 registered firms are affiliated to it. The Chamber organised the First National Conference on Industry and Commerce in 1955. The Chamber has been playing an important role in the field of trade promotion and also in the formulation of commercial, industrial and fiscal policies of Government of Nepal.

### 7.1.3. THINK TANKS IN NEPAL

**South Asia Watch on Trade, Economics and Environment (SAWTEE):** SAWTEE is working to equip stakeholders with knowledge, information and skills to represent their interests and assert their rights to development. They contribute to fair, equitable, inclusive, and sustainable growth and development for a society directed towards poverty reduction, food security and environmental sustainability. They also aim to contribute to informed and participatory policy-making and implementation for fair, equitable, inclusive, and sustainable growth and development. Their goal is to contribute to enhancing meaningful participation of South Asian countries, particularly the least-developed and landlocked, in and their integration into the sub-regional, regional and multilateral trade, economic and environmental systems. On the whole, their goal is to contribute to strengthening regional cooperation in South Asia.

**Nepal Policy Research Network (NPRN):** The Nepal Policy Net Portal works as a web repository of public policy relevant resources, data, documents, events, announcements, and notices. It mainly supports the publication of journal like the New Angle: Nepal Journal of Social Science and Public Policy, carries out policy dialogue and documentation and conducts public policy research.

**Nepal Development Research Institute (NDRI):** NDRI carries out research and academic activities on contemporary issues related to the national development and advancement of society. It aims to contribute to rational opinion building by disseminating information and findings. It conducts activities to develop and enhance human resources essential for policy making and research and exchanges resources, technology and information with both national and international institutions. Its goal is to implement development activities.

### 7.1.4. MEDIA IN NEPAL

The major newspapers include Gorkhapatra; The Rising Nepal; Nagarik; Republica; Kantipur; The Kathmandu Post; Annapurna Post; The Himalayan

Times; Nepal Samacharpatra; Rajdhani Daily; Naya Patrika; Karobar Economic Daily; Aarthik Abhiyan Daily; Aarthik National Daily; Nigrani Daily; Blast

Times; Pratidin Daily; Rastriya Samachar Patra; Nepali Times; Jana Aasth; National Weekly; and the Nepali Times.

## 7.2. UNDERSTANDING THE SALIENT FEATURES OF NEPAL'S NTMs

Raihan et al (2014) highlighted that Nepal's national policies, including its trade, industry, and economy related policies are protecting national security, maintaining public morals, conserving exhaustible natural resources (in conjunction with restrictions on domestic production or consumption), and ensuring the availability of raw materials essential for domestic processing industries with potential for competitive capacity. With the relatively small size of its economy and no direct access to international ports, Nepal's trade with the world is fairly limited. Being a landlocked country, and having its currency pegged to the Indian Rupee, the majority of cross-border trade takes place with India. Regional trade in SAARC constitutes the major portion of Nepal's international trade, with 62% of total international exports, and 52% of total international imports according to IMF data from 2014. However, apart from India, the other important trading partners are Bangladesh, Bhutan, and Pakistan, with very limited or no trade with other SAARC countries. The European Union was the largest partner of Nepal for external trade until 2003, but since then India has become the largest trading partner, China being the second in rank. Despite being a small economy and having had a traditional hereditary rule by monarchs until very recently, Nepal's regulatory regime is quite supportive of private sector growth, demonstrated by the fact that petroleum and petroleum products, and iodine salt are the only products under state trading; the private sector is allowed to deal in all other commodities.

### NEPAL

#### INDIA IS BIGGEST TRADING PARTNER

**62%**  
share of total exports within SAARC

**52%**  
share of total imports within SAARC

### The salient features of NTMs in Nepal

1. There is a specific duty in the form of Customs Charges of Nepalese Rupee 678 for each export declaration for each consignment with a value above Nepalese Rupee 5,000
2. Six categories of products, i.e., selected narcotics, beef, plastic materials with less than 20 micron thickness, incandescent light bulbs, harmful dyes, and some other products prohibited under other laws are banned for import, on religious, public health, and environmental grounds
3. Four categories of products, e.g., selected narcotics, arms and ammunitions, wireless communication items, and items of feed containing opium require special license or permission, and may be subject to quantitative restrictions for import
4. Separate licenses are required to import, sell or store excisable goods
5. Eight categories of products, archaeological artefacts, wild animals and their body parts, narcotics, explosives, imported petroleum, and selected exotic timber and forest products are banned for exports due to religious, environmental, public health, energy security, and social grounds
6. Para-tariffs exist in form of environment tax on imported petroleum products, and in the form of ad valorem development fees on selected imported products
7. Quantitative restrictions are in place for exports of paddy, rice, wheat, sugar, and items related to grains (lentils, pigeon pa, pulses, soybean, gram, vetch seed, pea), for food security reasons
8. Special permission is required for exports of some timber products and forest resources, related to biodiversity and environment conservation

## 7.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR NEPALI EXPORTERS IN SOUTH ASIA

The following broad categories of NTMs most frequently faced by Nepali exporters:

**SPS Restrictions:** SPS measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to agro and food processing exports from Nepal to India and Bangladesh. These products are subject to quarantine, certifications, and inspection requirement related to SPS issues. Test reports from Nepalese labs are not recognised/ accepted.

**TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments and other restrictions falling under the Technical

Barriers to Trade (TBT) pertaining to Category B under UNCTAD classification are faced by many Nepalese exporters. Most of these products belong to packaged food, household and consumer products.

**Fluctuating Standards and Procedural Steps:** Concerns over fluctuating standards and procedural steps while dealing with officials in other SAARC countries, particularly in India, are faced frequently. Many of these difficulties arise from poor coordination between government officials and the business community. Non-acceptance of quality certificates issued by Nepal Bureau of Standards and Metrology also poses an issue.

## 7.4. CREATING A POLICY ADVOCACY GROUP IN NEPAL

### Formation

Policy advocacy on regional trade issues has some bases in Nepal. The stakeholders are fairly active in organising different formal and informal meetings with the policymakers in Nepal. Also, there is an active presence of think tanks with regular research and publications on regional trade issues.

The advocacy group in Nepal will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

1. A representative from CNI as the convener
2. A representative from FNCCI
3. A representative from FNCSI
4. A representative from TEPC
5. A representative from the Ministry of Commerce
6. A representative from the Ministry of Agricultural Development
7. A representative from SAWTEE
8. A representative from a leading newspaper

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group. The NTM desk located at the CNI will work as the platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### Objectives

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs as well as the reduction of NTBs Nepalese exporters face in other South Asian countries. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Nepal which Nepalese importers encounter.

### Relevant stakeholders

Primarily as far as the market access of the Nepali exporters to other countries is concerned, many of these NTMs can either be solved through bilateral negotiations, or more effectively under regional

initiatives. In this case, relevant policy makers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members are the representatives from Ministry of Commerce and Ministry of Finance from all eight South Asian countries. The Policy Advocacy Group in Nepal should maintain links with the representatives of the Ministry of Commerce and the Ministry of Finance of the Government of Nepal and assist them in the regular analysis on NTMs the Nepali exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain a close link with the Ministry of Foreign Affairs.

In the case of NTMs in Nepal, which the importers in Nepal face, the policy advocacy should be directed to different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Ministry of Commerce; different kinds of para-tariffs are maintained by the Ministry of Finance; and other forms of SPS and TBT related issues are dealt by the Ministry of Agricultural Development, the Nepal Bureau of Standards and Metrology (NBSM) and the Department of Food Technology and Quality Control (DFTQC). In the case of infrastructural related issues at land custom stations, the Department of Customs should be directed for any policy advocacy.

### Reaching policymakers



The policy makers need to hear a very clear analysis, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to Nepali exporters' lack of capacity to meet the required standards. There is a

need to develop the capacities of the Nepali exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Nepal Bureau of Standards and Metrology (NBSM) so that their certificates are accepted in other countries. Unfortunately, many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Nepal have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Nepal can learn from the ITC Technical Paper Series on non-tariff measures to generate clear analysis, information and updated data on NTMs in the country.. These ITC reports are very relevant for understating the NTMs and procedural obstacles from a business perspective. In South Asia, ITC has already done the exercise for Sri Lanka and Bangladesh. A similar exercise can be done for Nepal with the help from ITC.

## WHOM

The policymakers, especially the Ministry of Commerce (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) themselves as they are the direct stakeholders. Think tanks have the capacities to conduct sophisticated research on regional trade and NTMs and thus think tanks can put together these NTM issues in a coherent way to raise the concerns of the policymakers. The media could play the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia with the perspectives from the Nepalese traders. The policy advocacy group can compile perspectives from all the stakeholders and present this information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

## HOW

The Policy Advocacy Group will have to produce credible analyses, supported by data and reliable information which the policymakers will find useful. This will help policymakers to device effective actions. The advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could be

in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which represent simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as any policy change may be published by the Policy Advocacy Group.

### Current status of policy advocacy

At present there is no Policy Advocacy Group on NTMs in Nepal. The information and data on NTMs are relatively weak. However, there has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies. Since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### Next steps on policy advocacy implementation

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at the CNI should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk is also currently working on monitoring of the NTMs on some priority export products which the exporters of Nepal face in other South Asian countries. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Nepalese authorities on imports from other South Asian countries.

### Policy Advocacy Group taking action

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group including active participation from different stakeholders. The advocacy group will flag issues and carry out effective analysis with the help of think tanks. A good idea would be to start with two priority NTM issues which the importers in Nepal face domestically (for example, para tariffs, developing the capacity for testing facilities) and two priority NTM issues which the exporters from Nepal face in other South Asian countries (for example, developing the land customs facilities and mutual recognition on standards).

### Risk analysis

There are risks involved with inactive participation

of the members of the Policy Advocacy Group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Nepal, an active representative from CNI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, they don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, creating the challenge of maintaining the links and connections with policymakers. This risk could be minimised through early anticipation of the change in the membership structure of the advocacy group and though some extra efforts of communication from new members.

In the context of Nepal, one major issue is developing the capacity of research on trade and NTM issues within the think tank, business community and policymakers. Lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for the monitoring and evaluation (M&E) of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Nepal; they should monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Nepal.

#### **Subsequent use**

The report of the M&E process should be discussed at length at the national forum of the Policy Advocacy Group in Nepal as well as the regional forum hosted by the SAARC-TPN.

#### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

#### **Indicators**

A set of indicators can be decided for the M&E process.

#### **Data collection tools**

**Suggested indicators are:**  
**number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, the M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 7.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN NEPAL

**Table 7:** An action plan for the policy advocacy in Nepal

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	CNI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	CNI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk							Utilising the findings of the NTM desks to identify priority issues	
		PAG/NTM desk								
3	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers							Use knowledge resources of the chambers for the papers to be published	
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG							Create media plans and work with journalists within the country to write on the NTM matters	
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
8	A monitoring and evaluation of the advocacy process	PAG							Overstated achievements	Self-assessment of the PAG
9	Regular communications (formal and informal) with Ministry of Commerce to help them in the South Asia negotiation process	PAG							Availability of the MoC for regular interaction	
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



## 7.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN NEPAL

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Nepal, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Ministry of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### Roles and responsibilities of the members

- The members of the PAG need to be dynamic and active and need to have good understanding of the regional trade and NTM issues
- Prepare a stakeholder mapping, identifying relevant people and organisations and preparing and maintaining their contact lists, collect relevant information on NTMs and analyse them
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programmes, writing of the newspaper articles, and set up an internal committee for the M&E process

### Roles and responsibilities of the chair

- The chair of the PAG need to have both formal and informal access to the lead policymakers in Nepal
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at the chambers

### Roles and responsibilities of the secretariat (NTM desk)

- The NTM desk located at the CNI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### Procedures for convening meetings and operation, decision making process

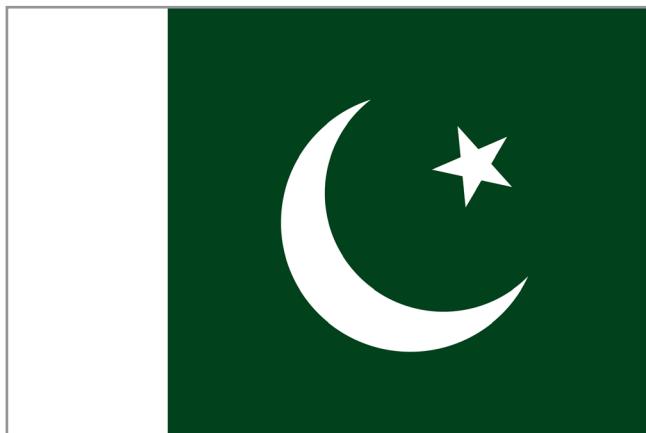
The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. Based on the agenda the meeting will discuss and follow up on the progress of the decisions taken in the past meetings. The decision of the meeting should be tried to be based on a consensus.

## 7.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN NEPAL (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>

**CHAPTER 8**

# **Designing a Policy Advocacy Strategy in Pakistan**



## 8.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN PAKISTAN

### 8.1.1. POLICYMAKERS IN PAKISTAN (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Ministry of Commerce and Textile Industry (Commerce Division):** Under the Rules of Business 1973, the Commerce Division is assigned to do imports and exports across custom frontiers; export promotion; commercial intelligence and statistics; tariff policy and its implementation; anti-dumping duties, countervailing duties and safeguard laws; inter-provincial trade; domestic commerce; organisation and control of chambers and trade associations; law of insurance and regulation and control of insurance companies; administrative control of attached departments/organisations; selection of trade officers for postings in Pakistan's missions abroad, trade diplomacy and market access initiatives, multilateral trade negotiations and compatibility of domestic laws with WTO laws, formulation of trade policy in conjunction with other wings, implementation of import policy initiatives, formulation and implementation of annual trade policy, jointly with the imports wing; implementation of export policy initiatives; TCP affairs; formulating, processing and monitoring of development projects of Ministry and affiliated organisations as well as tabulations of trade statistics and analysis based thereon; registration, monitoring and supervision of all trade bodies in the country under the trade organisation law of 2007, and finally local trade fairs as well as exhibitions.

**Ministry of Commerce and Textile Industries (Textile industries division):** Their major responsibilities include: formulation of textile industrial policy; coordination and liaison with federal agencies/institutions, provincial governments and local governments for facilitation and promotion of the textile sector; liaison, dialogues, negotiations, except trade negotiations, and cooperation with international donor agencies and multilateral regulatory and development organisations with regard to the textile sector; setting of standards as well as monitoring and maintaining vigilance for strict compliance of the standards throughout production and value chain; textile related statistics; surveys; commercial intelligence; analysis and dissemination of information and reports on international demand patterns, market access etc; linkages with cotton and textile producing countries; training and skill development; research for quality improvement and productivity enhancement throughout the production and value chain; and management of textile quotas.

**Ministry of Finance:** The Finance Division deals with the subjects pertaining to finance of the Federal Government and financial matters affecting the country as a whole. It further deals with the preparation of annual budget statements and supplementary/excess budget statements for the consideration of the parliament accounts and audits of the Federal Government Organisation etc. as assigned under the Rules of Business, 1973. Moreover, Finance Division maintains financial discipline through financial advisors organisation attached to each Ministry or Division.

**Federal Board of Revenue, Revenue Division, Government of Pakistan:** The Federal Board of Revenue (more commonly known by its initials as FBR) is the semi-autonomous, supreme federal agency of Pakistan that is responsible for auditing, enforcing and collecting revenue for the government of Pakistan. FBR has the responsibility for the formulation and administration of fiscal policies, levy and collection of federal taxes and disposes of a quasi-judicial function on the hearing of appeals. FBR is estimated to be the largest federal bureaucracy in Pakistan. As the agency conducts audits of taxpayers regularly it is regarded as the guardian of national treasury. FBR primarily operates through its main collection arms, its field formations, the Regional Tax Offices (RTOs) and Large Taxpayer Units (LTUs) across the country. FBR has two major wings: the Inland Revenue Wing (Income Tax Department) which brings in about 54% of FBR's total collection and Customs Wing now called the Pakistan Customs Service.

**Ministry of Foreign Affairs:** This Ministry mostly deals with external affairs of the country and plays a significant role in bilateral negotiations with regional neighbors, on trade and investment related issues.

**Small and Medium Enterprises Development Authority (SMEDA):** The Small and Medium Enterprises Development Authority (SMEDA) is an autonomous institution of the Government of Pakistan under Ministry of Industries and Production. SMEDA was established in October 1998 for encouraging and facilitating the development and growth of small and medium enterprises in the country. SMEDA is not only an SME policy-advisory body for the government of Pakistan but also facilitates other stakeholders in addressing their SME development agendas.

**Ministry of Planning, Development and Reform:** The Planning Commission works under the overall direction of a Policy Board chaired by the Prime Minister, the Deputy Chairman, 10 Federal Ministers and Members of the Planning Commission. The Planning Commission is responsible for performing the functions as indicated in Schedule II of the Rules of Business 1973 under the heading of Planning and Development Division, which inter-alia include: Preparing the National Plan and review and evaluating its implementation; Formulating an annual plan and Annual Development Plan; Monitoring and evaluating the implementation of major development projects and programmes; Stimulating the preparation of sound projects in regions and sectors lacking adequate portfolio; Organising research and analytical studies for economic decision making; And continuously evaluating the economic situation and coordinate economic policies.

**National Tariff Commission (Ministry of Commerce):** Their responsibilities include tariff and other trade measures to provide assistance to the domestic industry; improve the competitiveness of the domestic industry (trade remedy actions being faced by domestic producers and exporters; rationalisation of tariff and proposals for tariff reform; removal of tariff anomalies; and any other matter relating to tariff or trade measures that the Federal Government may refer to the Commission. In addition, the Commission also performs functions with respect to international trade and other matters that may be assigned to it by the trade remedies laws or any other law for the time being in force. Where the Federal Government has adopted the recommendations of the Commission in whole or in part, the Commission shall periodically review the effect of such recommendations and in consequence of the review may give further recommendations to the Federal Government. The Commission also advises, where possible, the domestic exporters and producers facing trade remedy investigations abroad. The Commission assists the Federal Government at the World Trade Organisation dispute settlement body with respect to matters pertaining to the Trade Remedy Laws, WTO Covered Agreements and disputes under other trade agreements. The Commission also might undertake research to facilitate effective implementation of Trade Remedy Laws and tariff rationalisation in a manner to be prescribed.

**Pakistan Standard and Quality Control Authority (PSQCA; Under Ministry of Science and Technology):** They work on systematic development of standards relating to products and processes in consultation with stakeholders. They also establish procedure to conformity assessment compliant with national and international standards and develop standardisation and improve analytical methods for state-of-art technology. They assist manufacturing and services sector to obtain quality, system and environment certification under ISO-9000 and ISO-14000. Focal point for national, regional and international organisations and institutions such as ISO, IEC, Codex Aliment Arius and WTO. National Enquiry Point (NEP) for WTO Agreement on Technical Barrier to Trade (TBT). They also introduce measures through standardisation regarding consumer safety and health, promote quality culture and enhance awareness about sustainable development through print and electronic media.

**Pakistan Cotton Standards Institute:** Its job is to introduce the standardisation of cotton, establish cotton standards and recommend measures to provincial governments for producing contamination-free cotton, to devise quality control measures for export and domestic use of cotton as well as the handling procedures for contamination-free cotton in ginning factories. The institute also grades seed cotton and classifies lint cotton through its classers or the approved private inspection companies. Further responsibilities include: to pre-qualify the private inspection companies for certifying the quality of cotton; to conduct training and examination in cotton grading and cotton classing for growers, ginners, spinners, exporters and other persons of public and private sectors and to award the certificate; to develop arbitration procedures to settle disputes relating to classification, grading and contamination amongst sellers and buyers of seed cotton and lint cotton; to liaison with the national and international cotton related institutions; and to lay down the policy and programme and its implementation for training in arbitrating cotton classification and cotton fiber testing.

#### 8.1.2. BUSINESS ASSOCIATIONS IN PAKISTAN

**Federation of Pakistan Chambers of Commerce and Industries (FPCCI):** They sponsor general and specialised business and investment delegations to foreign countries. Organising Pakistan's participation in international fairs and exhibitions is also among their responsibilities. They maintain constant liaison with Pakistan Diplomatic and Commercial Missions

abroad. Exchanging information relating to trade, industry and economy with foreign Chambers and Institutions is also part of their job. FPCCI works on encouraging and infusing competition among leading exporters of the country by giving them Export Awards every year. They act as a mediating body in the resolution of commercial disputes between the Pakistani and foreign businessmen. There are more than 60 local chambers of commerce and industry affiliated with FPCCI including LCCI (Lahore Chamber of Commerce and Industry).

**The Lahore Chamber of Commerce and Industry (LCCI):** The LCCI was established in 1923. It was established to serve and represent the interests of the business community in Lahore. LCCI aims to represent its members and contribute to the nation's economic development through the promotion of trade and industry. LCCI acts as a bridge between the government and the business community. It plays an important role in policy formulation by maintaining a constant interaction with the relevant authorities. LCCI is affiliated with the FPCCI. It has two classes of membership, namely, Corporate and Associate. This Chamber has currently more than 18,000 members and claims to be the biggest chamber in Pakistan.

**Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA):** Their aim is to advise, protect, safeguard and promote the rights, interests of members and to assure their goodwill. They provide supporting services to members, monitor export performance and provide related information and market knowledge to members. They also encourage exports by advocating for a better export environment by removing difficulties and short comings in the readymade garments trade, through continuous interaction with concerned bodies and institutions.

**Pakistan Leather Garments Manufacturers and Exporter Association (PLGMEA):** Their job is to protect, promote and develop Pakistan leather garments industry and allied industry. They consider and deal with all questions and matters concerning the manufacture of leather garments and allied industry, and the trade and commerce in leather garments, of its members and devise ways and means to overcome difficulties or problems arising therein. Their aim is also to establish and promote contacts in foreign countries and develop trade relations with them in order to popularise the leather products of Pakistan.

### **Pakistan Cotton Fashion Apparel**

#### **Manufacturers and Exporters Association**

**(PCFAMEA):** It provides a suitable and common place of business. It adjusts differences by arbitration or otherwise between contracting parties in the cotton trade. It establishes just and an equitable principle in the cotton trade and maintains uniformity in control of cotton trade. It makes and adopts standards of classification of cotton of each variety for adjustments of cotton prices for differences in class and staple. It helps to acquire, preserve and disseminate useful information relating to cotton trade. It attempts to find out ways to reduce the risk involved in cotton trading. It has provisions to establish and maintain a Clearing House to facilitate cotton transactions. It fixes and publishes cotton spot rates and settles deals and rates of contracts and arranges settlements through the Clearing House of the Cotton Exchange. It maintains liaison with the government for the protection of trade interests and works to improve the understanding between trade and authorities. It prescribes guide lines for the framing of contracts with a view to eliminate the temptation and possibility of speculative manipulations. It endeavours to introduce the cotton trade internationally and projects the image of Pakistan cottons in world market. Finally, it compares standards of Pakistan cotton with standards of other countries services.

#### **All Pakistan Textile Mills Association (APTMA):**

APTMA is the premier national trade association of the textile spinning, weaving, and composite mills representing the organised sector in Pakistan. APTMA emerged as the largest association of the country as it represents 396 textile mills out of which 315 are spinning, 44 are weaving and 37 represent composite units. These spinning mills have the production facilities of texturing, mercerising and dyeing of yarns. The weaving mills have a sizeable number of air-jet looms and the composite mills have manufacturing facilities from spinning to finished textile products under one roof. The Association's members produce spun and open-end yarn, grey, printed dyed fabrics and bed linen.

### **8.1.3. THINK TANKS IN PAKISTAN**

#### **Sustainable Development Policy Institute**

**(SDPI):** SDPI was founded in August 1992 on the recommendation of the Pakistan National Conservation Strategy (NCS), also called Pakistan's Agenda 21. The NCS placed Pakistan's socio-economic development within the context of a national environmental plan. This highly acclaimed

document, approved by the Federal Cabinet in March 1992, outlined the need for an independent non-profit organisation to serve as a source of expertise for policy analysis and development, policy intervention, and policy and programme advisory services. Its mandate includes: To conduct policy advice, policy oriented research and advocacy from a broad multi-disciplinary perspective; to promote the implementation of policies, programmes, laws and regulations based on sustainable development; to strengthen civil society and facilitate civil society-government interaction through collaboration with other organisations and activist networks; to disseminate research findings and public education through the media, conferences, seminars, lectures, publications and curricula development; and to contribute to building up national research capacity and infrastructure.

### **The Pakistan Institute of Development**

**Economics (PIDE):** The Pakistan Institute of Development Economics (popularly known as PIDE), is a post-graduate research institute, and a public policy think tank located in the vicinity of Islamabad, Pakistan. Founded in 1957 by the Government of Pakistan, it is located in the university area of Quaid-e-Azam University but has its own board of overseers. In 1964, it used its influence on the government and gained autonomous status the same year. Since its establishment, PIDE is an influential voice in the formation of Pakistan's public policy concerning diverse issues. The institute has long been a place of scholarship of high-profile and prominent individuals who previously held positions in government, including Benazir Bhutto, Mahbub-ul-Haq, Robert Mundell, Fazal-ur-Rahman, and Shahid Allam—all PIDE fellows. Since the 1990s, its research is devoted to theoretical and empirical research in Development economics in general and on Pakistan-related economic issues in particular. In addition, PIDE also grants post-graduate and doctoral studies programmes in various disciplines of social sciences since 2006.

### **Applied Economics Research Centre (AERC):**

The AERC, University of Karachi, was established in 1973. The major functions of the Centre are policy oriented core/academic research, contract research for clients, post-graduate teaching and

providing advisory services to the government. The Centre undertakes research on issues in applied economics, with a focus on urban and regional economics, agriculture economics, human resource development, public finance, poverty, health and nutrition, industrial economics, trade, environment and gender issues. Advisory services are provided to the federal, provincial and local governments through participation of AERC staff in Advisory Bodies, Working Groups and Task Forces.

### **Pakistan Institute of Trade and Development (PITAD):**

Pakistan Institute of Trade and Development, formerly Foreign Trade Institute of Pakistan (FTIP), was created under a Resolution in 1989, to provide specialised training to the new officers of the Commerce and Trade Group. Trade Policy 2007-08 announced the restructuring of FTIP in the following words: "A major constraint in the past has been the lack of effective research and information on multi-pronged trade and globalisation issues. The Foreign Trade Institute of Pakistan was created in 1989 with the objective of this research base but in fact, was reduced to an average institute, providing some training to new officers of Commerce and Trade Group. In order to plug the original research gap, the Government decided to restructure the Foreign Trade Institute of Pakistan. In addition to conducting policy research on all key aspects of trade competitiveness, the institute will be the premier body for capacity building and human capital development on commerce. This institute will also provide an important forum for the discussion and dissemination of information on issues of commerce." After undertaking necessary management and governance changes, FTIP formally became Pakistan Institute of Trade and Development (PITAD) in 2009. With the addition of new human resource from the market, PITAD now has a new dynamic team of researchers, trainers and support staff and is fully functional as an independent policy think tank and training centre on international trade.

#### **8.1.4. MEDIA IN PAKISTAN**

The major newspapers include Dawn, The Nation, The News International, Daily Times, Daily Lahore Post, Daily Sarhad and Daily Naya Zamana.

## 8.2. UNDERSTANDING THE SALIENT FEATURES OF PAKISTAN'S NTMs

Raihan et al (2014) highlighted that Pakistan's national policies and regulatory regime related to trade, industry, and economy are prevalently focused on promoting domestic industries and exports thereof, protection of local industries, safeguarding against hazards to public health, environment, and perceptions of socio-political-religious and security issues of the policymakers. With the fairly large size of its economy and population in the SAARC context, Pakistan's trade with the world is significant, having the 2<sup>nd</sup> place amongst the SAARC countries in terms of the total value of trade. Amongst SAARC countries, India remains the largest trading partner, with Afghanistan being the second and Bangladesh being the third largest trading partner. Despite being the 2<sup>nd</sup> biggest trader in SAARC, Pakistan has limited regional (SAARC) trade compared to its trade volume with the world. According to IMF data for 2014, exports to SAARC countries constitute only 13% of Pakistan's total exports, and imports from SAARC countries constitute only 4% of Pakistan's total import from the world. Pakistan's trade and NTMs feature the unique India-specific negative list, a long list prohibiting the import of 1,209 items from India. Certain products may be imported from India through specific land route.

### PAKISTAN

**2<sup>ND</sup> LARGEST TRADER IN SAARC IN TERMS OF TRADE VOLUME**

**13%**  
share of total exports within SAARC

**4%**  
share of total imports within SAARC

#### The salient features of NTMs in Pakistan

1. 20 categories of products, including wild animals, indigenous pulses, fertilizers, liquor, sugar, etc. are banned from exports
2. Another 20 categories of products, i.e., rice, cotton, yarn, edible oil, mangoes, arms etc. are subject to restricted exports, permissible only after obtaining special permissions from relevant authorities, or fulfilling certain other conditions
3. 13 categories of live animals, birds, books, and some other products are banned for imports for health, safety, and religious or moral reasons
4. 44 other industrial products are banned for imports for various economic and/or protective reasons
5. There are also 9 broad categories of used machinery and equipment which are banned for imports
6. 56 categories of items, including some animal and plant products are considered as restricted for import, subject to obtaining special permission issued by respective relevant authorities
7. Imports of a number of products are subject to quality standard set by Pakistan Standards and Quality Control Authority (PSQCA)
8. Import of a number of products is subject to regulatory duty
9. As of 2012, Pakistan has started using anti-dumping duty

## 8.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR PAKISTANI EXPORTERS IN SOUTH ASIA

The following broad categories of NTMs most frequently faced by Pakistani exporters:

**SPS Restrictions:** Sanitary and Phytosanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to agro and food processing exports from Pakistan. These products are subject to quarantine, certifications, and inspection requirement related to SPS issues in other South Asian countries, mainly in India.

**TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments, or other restrictions falling under the TBT pertaining to Category B under UNCTAD classification. Most of these products belong to packaged food, household and consumer products. In the case of textile, company's specifications and standards certified by the company lab are not accepted in India. Certificates of International certification and testing labs like SJS are not accepted. Certificates of quality are issued after extensive sample testing for a period of 3 months after which they have to be renewed.

In the case of cement being exported to India, the Bureau of Indian Standards (BIS) certification cost amounts to US \$ 2000 for two years. The BIS issues the certificate after physical inspection (factory visit) which takes six months to renew and incurs extra costs and delays born by the exporters.

**Pre-Shipment Inspection (PSI):** Pakistan has conveyed its concern regarding the PSI imposed by Bangladesh on most products as mandatory, since it results in shipment delays.

**Para-tariffs:** High incidence of para-tariffs imposed by Bangladesh on fruits, consumables, garments, shoes etc. has been reported as well as a variety of state-level para-tariffs while entering India. Many of them are found to be discriminating against imports.

**Fluctuating Standards and Procedural Steps:** Concerns over fluctuating standards and procedural steps Pakistani traders face while dealing with officials in other SAARC countries, particularly in India. Many of these difficulties arise from poor coordination between government officials and the business community.

## 8.4. CREATING A POLICY ADVOCACY GROUP IN PAKISTAN

### Formation

Policy advocacy on regional trade issues has some bases in Pakistan. The stakeholders are active in organising different formal and informal meetings with the policymakers in Pakistan. Also, there are some active presence of think tanks with research and publications on regional trade issues.

The advocacy group in Pakistan will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

1. A representative from FPCCI as the convener
2. A representative from LCCI
3. A representative from SMEDA
4. A representative from All Pakistan Textile Mills Association (APTMA)
5. A representative from the Ministry of Commerce
6. A representative from SDPI
7. A representative from a leading newspaper

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the Policy Advocacy Group. The NTM desk located at the FPCCI will work as the platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### Objectives

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in other South Asian countries which exporters from Pakistan face. Also, the Policy Advocacy Group will aim at the harmonisation and transparency all kinds of NTMs and reduction of NTBs in Pakistan which the Pakistani importers encounter.

### **Relevant stakeholder**

Primarily as far as the market access of the Pakistani exporters to other countries is concerned, many NTMs can be solved either through bilateral negotiations or more effectively under regional initiatives; In this case, relevant policymakers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members are the representatives from the Ministry of Commerce and the Ministry of Finance from all eight South Asian countries. The Policy Advocacy Group in Pakistan should maintain links with the representatives from the Ministry of Commerce and Ministry of Finance of the Government of Pakistan and assist them in the regular analysis on NTMs the Pakistani exporters face in other South Asian countries. Above all, regional cooperation issues are dealt with by the Ministry of Foreign Affairs. Therefore, there is a need to maintain a close link with the Ministry of Foreign Affairs as well.

In the case of NTMs in Pakistan, which the importers in Pakistan face, the policy advocacy should be directed to different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by the Ministry of Commerce, the Ministry of Finance and the Pakistan Customs Service. Other forms of SPS and TBT related issues are dealt by the Pakistan Standard and Quality Control Authority and the Pakistan Cotton Standards Institute. In the case of infrastructural related issues at land custom stations, the Pakistan Customs Service should be directed for any policy advocacy.

### **Reaching policymakers**

#### **WHO**

Policymakers need to hear a very clear analysis, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how

much of it is actually related to Pakistani exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the Pakistani exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Pakistan Standard and Quality Control Authority so that their certificates issues are accepted in other countries. Unfortunately many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Pakistan have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Pakistan can learn from the ITC Technical Paper Series on non-tariff measures, to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understating the NTMs and procedural obstacles from a business perspective.<sup>13</sup> In South Asia, ITC has already done the exercise for Sri Lanka and Bangladesh. A similar exercise can be done for Pakistan with the help from the ITC.

#### **? WHOM**

The policymakers, especially the Ministry of Commerce (which is the line Ministry), need to hear all these NTM related issues primarily from the traders (exporters and importers) themselves as they are the direct stakeholders. Think tanks have the capacities to conduct sophisticated research on regional trade and NTMs and thus think tanks can put together these NTM issues in a coherent way to raise the concerns of policymakers. The media could play the role to sensitise these issues, and leading newspapers should publish issues related to obstacles to regional trade in South Asia incorporating the perspectives of the Pakistani traders. Above all, the Policy Advocacy Group will be in a better position to compile perspectives from all the stakeholders and present this information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

The Policy Advocacy Group will have to produce credible analyses, supported by data and reliable information which the policymakers will find useful.

<sup>11</sup>See <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/publications/>

## HOW

This will help policymakers to device effective actions. The advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which represent simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as any policy change may be published by the Policy Advocacy Group.

### **Current status of policy advocacy on NTMs**

At present there is no Policy Advocacy Group on NTMs in Pakistan. The information and data on NTMs are relatively weak. However, there has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies. Since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### **Next steps on policy advocacy implementation**

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at the FPCCI should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk is also currently working on monitoring of the NTMs on some priority export products, which the exporters from Pakistan face in other South Asian countries. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Pakistani authorities on imports from other South Asian countries.

### **Policy Advocacy Group taking action**

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group including active participation from different stakeholders. The advocacy group will flag issues and carry out effective analyses with the help of the think tanks. A good idea would be to start with two priority NTM issues which the importers in Pakistan face domestically (for example, easing the MFN issue with India, regulatory duties on imports) and two priority

NTM issues which the exporters from Pakistan face in other South Asian countries (for example, para-tariffs in India and Bangladesh and mutual recognition on standards).

### **Risk analysis**

There are risks involved with inactive participation of the members of the Policy Advocacy Group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Pakistan, an active representative from the FPCCI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, they don't report those issues properly for various reasons. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, creating the challenge of maintaining the links and connections with policymakers. This risk could be minimised through early anticipation of the change in the membership structure of the advocacy group and though some extra efforts of communication from new members.

In the context of Pakistan, one major issue is developing the capacity of research on trade and NTM issues with the think tank, business community and policymakers. Lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for the monitoring and evaluation (M&E) of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Pakistan to monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Pakistan.

### ***Subsequent use***

The report of the M&E process should be discussed in length at the national forum of the Policy Advocacy Group in Pakistan as well as the regional forum hosted by the SAARC-TPN.

### ***Design***

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

### ***Indicators***

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

### ***Data collection tools***

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, the M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

**Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.**

## 8.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN PAKISTAN

**Table 8:** An action plan for the policy advocacy in Pakistan

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	FPCCI/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	FPCCI								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk								Utilising the findings of the NTM desks to identify priority issues
		PAG/NTM desk								
3	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers								Use knowledge resources of the chambers for the papers to be published
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								Create media plans and work with journalists within the country to write on the NTM matters
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
8	Monitoring and evaluation of the advocacy process	PAG								
9	Regular communications (formal and informal) with Ministry of Commerce to help them in the South Asia negotiation process	PAG							Overstated achievements	Self-assessment of the PAG
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI

## 8.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN PAKISTAN

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Pakistan, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Ministry of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### **Roles and responsibilities of the members:**

- The members of the PAG need to be dynamic and active and need to have good understanding of the regional trade and NTM issues
- Prepare a stakeholder mapping, identifying relevant people and organisations and preparing and maintaining their contact lists, collect relevant information on NTMs and analyse them
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programmes, writing of the newspaper articles, and set up an internal committee for the M&E process



### **Roles and responsibilities of the chair:**

- The chair of the PAG need to have both formal and informal access to the lead policymakers in Pakistan
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

### **Roles and responsibilities of the secretariat (NTM desk):**

- The NTM desk located at the FPCCI can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### **Procedures for convening meetings and operation, decision making process**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. The meeting will discuss based on the agenda and will follow up the progress on the decisions taken in the past meetings. The decision of the meeting should be tried to be based on a consensus.

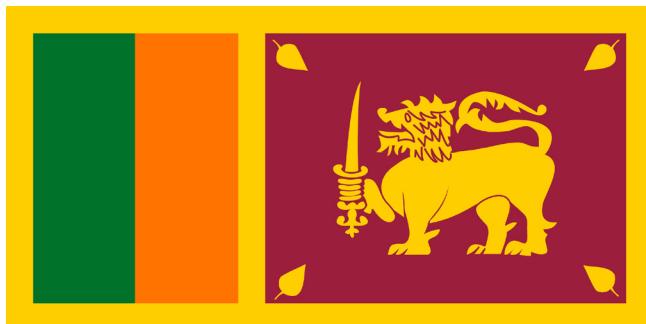
## 8.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN PAKISTAN (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>



# **CHAPTER 9**

# **Designing a Policy Advocacy Strategy in Sri Lanka**



## 9.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN SRI LANKA

### 9.1.1. POLICYMAKERS IN SRI LANKA (MINISTRIES AND AFFILIATED ORGANISATIONS)

**Department of Commerce:** Department of Commerce (DoC) aims to develop and promote Sri Lanka's foreign trade relations at bilateral, regional and multilateral levels by effectively implementing government trade policies, with a view to raising the standards of living and realising a higher quality of life. By facilitating the increase of total production, income and employment levels, DoC actively contributes to the overall economic growth of Sri Lanka. DoC is responsible for foreign trade policy formulation, and all related coordination and implementation matters. The Department of Commerce is headed by the Director General of Commerce, and its work is carried out by four divisions, namely, Multilateral Trade Affairs, Bilateral Trade Relations, Regional Cooperation and Trade Promotion.

**The Ministry of Finance and Planning and the Treasury of Sri Lanka:** The Ministry of Finance and Planning and the Treasury of Sri Lanka is a Ministry of the Government of Sri Lanka responsible for developing and executing the government's public finance policy, economic policy and long term planning.

**The Ministry of Foreign Affairs:** The Ministry of Foreign Affairs (also known as the Foreign Ministry) is a Ministry of the Government of Sri Lanka that conducts and manages Sri Lanka's relations with other countries.

**Textile Industry Development Division, Ministry of Industry and Commerce: Apparel Export Section:** The Apparel export section is functioning as a sub division and its main role is to provide certain services required to facilitate exports of garments and allied products, such as: It examines the export documents forwarded by the exporters and grant approvals; It issues certificates and maintains the database on exports; It registers new factories, liaises and buys offices and monitors as well as maintains the progress and data of manufacturing units; It facilitates duty free imports of machinery spares and accessories and raw materials for those who are registered in the Ministry; It recommends visas for foreign managers and technicians who are employed in buying offices, liaison offices and garment factories; It issues recommendations to customs in case of re-exporting of accessories and raw materials and issues recommendations to the Ministry of

Defence in connection with items manufactured using camouflage material.

**Policy Development Division, Ministry of Industry and Commerce:** Their macro policy objectives are to propose appropriate tariff structures conducive to industrial development in a competitive environment and increased regional trade through bilateral and multilateral agreements as well as to obtain market access for Sri Lankan exports. Their main functions include the identification of anomalies and distortions in the tariff structure; forwarding recommendations to national council for economic development (NCED) on tariff issues; analysing the impact of bilateral and multilateral trade and tariff agreements on the industrial sector with a view to propose corrective action if and when required; and study the WTO agreement in detail in order to support the industrial sector in facing the competition.

**Sri Lanka Standards Institutions (SLSI):** Sri Lanka Standards Institution (SLSI) is the National Standards Body of Sri Lanka, established under the Bureau of Ceylon Standards Act No. 38 in 1964. The Institution functioned under the name of Bureau of Ceylon Standards until the Act was repealed and replaced by the Sri Lanka Standards Institution Act No. 6 of 1984. The Institution now functions under the Minister of Industry and Commerce and is governed by a Council appointed by the Minister. SLSI is a member of the International Organisation for Standardisation (ISO) which is based in Geneva by virtue of being the National Standards Body in Sri Lanka. As members of the ISO and on a reciprocal basis, the National standards Bodies exchange copies of their National standards and are responsible for disseminating information on standards, technical regulations and standards related activities to the community at national level.

### 9.1.2. BUSINESS ASSOCIATIONS IN SRI LANKA

**Federation of Chamber of Commerce and Industry of Sri Lanka (FCCISL):** As an umbrella organisation of the private sector, the FCCISL has been playing a key role in promoting business and industry in the country by providing the member bodies with a wide spectrum of services ranging from advisory, consultative, promotional, information sharing and representative services. The FCCISL's commitment, drive and mission continue in the ever-changing economic landscape of Sri Lanka, always chasing a newer agenda. In the knowledge-

driven globalised economy, FCCISL stands for quality, competitiveness, transparency, accountability and business – government-civil society partnership to spread ethics-based business practices and to enhance the quality of life of the common people.

#### **The Ceylon Chamber of Commerce (CCC):**

The CCC, being the first Chamber to be established in Sri Lanka, is the prime driver of the Chamber movement in Sri Lanka. It was also the first Chamber to be represented in the Senate and House of Representatives in the days of Ceylon and the first to be accepted as an affiliate member of the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI) in 1983. A few other services which were the first of its kind to be introduced by the CCC are the issuance of Certificates of Origin in 1925, the introduction of e-Cos, Conduct of Commodity auctions (Tea, Rubber, Spices and Allied Products) from 1894, Gem Auctions in 1980, services provided by Measurers/Surveyors/Assessors, and Arbitration/Conciliation and Mediation services. The first Sri Lankan export exhibition was organised by the CCC in 1973. It also Initiated the First Export Awards scheme in association with the then Export Promotion Secretariat. CCC first formed Bilateral Business Councils in 1979 and launched CSR awards in 2004. Global Standard One (GS1), which is the world's most accepted standard for supply chain management – and Bar-Coding Standards were introduced in Sri Lanka. CCC remains the sole authorized body to operate the GS1 Standards system in Sri Lanka. Moreover, CCC has the unique feature of a Confederation of Chambers of Commerce and Industry, Trade Associations, Regional Chambers, Employer organisations and Bilateral Business Councils in Sri Lanka. The CCC claims this status having formed alliances with 20 Regional Chambers, 38 Trade/Product and Service Associations and 21 Bilateral Business Councils.

#### **The National Chamber of Commerce of Sri Lanka (NCCSL):**

The National Chamber of Commerce of Sri Lanka (NCCSL) was founded in 1948 soon after Sri Lanka gained independence from British colonial rule, primarily to establish a forum for the Sri Lankan business community. The foremost objective of the Chamber at that time was the *Ceylonisation* of trade, as the policy climate was not quite conducive to national interests. The Vision of NCCSL is to be the leading source of services and assistance to businesses countrywide for promotion of domestic and foreign trade with special emphasis on the development of SMEs. The Mission is to provide

trade promotion services and assistance required by businesses to function competitively in domestic and overseas markets and to represent them in matters of common and individual interest including discussions and deliberations convened by the government. The Mission is to be achieved primarily through enhancing the efficiency and competitiveness of firms countrywide and strengthening the dialogue with the government to assist in creating a conducive business environment.

#### **The National Chamber of Exporters of Sri Lanka:**

The Chamber has established a new Trade Promotion Division in order to promote member exports to the international market by engaging in trade promotional activities. The objective is to enhance the export of Products and Services of members throughout the world. With the rapid growth of the global economy, and in the background of a very competitive environment, the Trade Promotion Division is expected to link prospective buyers by participating in overseas trade development activities. The NCE Trade Promotion Division focuses on participating in overseas and local exhibitions and trade fairs, organising b2b meetings in foreign countries, organising inward and outward business delegations and establishing chamber to chamber contacts. Their major responsibilities include: Issue of certificates of origin and related export documents; Recognition of export performance; Dissemination of trade inquiries and trade leads; Conduct of training programs and workshops; Participation in trade fairs, exhibitions, trade delegations etc.; Issue of specialized certificates; Assistance for cleaner production and waste control; And access to services of overseas trade representatives.

#### **9.1.3. THINK TANKS IN SRI LANKA**

**Institute of Policy Studies of Sri Lanka:** The Institute of Policy Studies of Sri Lanka (IPS) is an autonomous institution that aims to promote policy-oriented economic research and to strengthen the capacity for medium-term policy analysis in Sri Lanka. Its mission is to contribute to the socio-economic development of the country through informed, independent, and high quality research that seeks to influence the policy process. With over two decades of substantial research expertise, IPS has emerged as a regional centre of excellence and the most influential think tank in Sri Lanka.

#### **Centre for Development Information (CDI):**

It is a national level authority for collecting and coordinating socio-economic information for planning. It publishes a bibliography of economic and social development in Sri Lanka, special bibliographies and

a register of ongoing research on economic and social development in Sri Lanka.

**Centre for Policy Alternatives:** The Centre for Policy Alternatives (CPA) was formed in the firm belief that there is an urgent need to strengthen institution and capacity-building for good governance and conflict transformation in Sri Lanka and that non-partisan civil society groups have an important and constructive contribution to make to this process. The primary role envisaged for the Centre in the field of public policy is a pro-active and intervention-oriented one, aimed at the dissemination and advocacy of policy alternatives for non-violent conflict resolution and democratic governance. Accordingly, the work of the Centre involves a major research component through which the policy alternatives advocated are identified and developed.

**Institute for Research and Development:** This is a group of concerned professionals who wish to see an overarching research culture in Sri Lanka. Although high impact research takes place in the country, it is fragmented and rarely transferred into policy and practice. Therefore, they are working to achieve a paradigm shift in the thinking pattern and actions

of the scientific and scholarly community to create a new strategic alliance among academics, scholars, professionals and the public to build a new research culture in Sri Lanka, so that the power of knowledge in science and technology could be mobilised to address the problems of the society using an evidence-based approach, which in turn is crucial for the sustainable development of the country. In short, their slogan is ‘Research for development and policy impact’.

**Economic Intelligence and Research:** The Economic Intelligence Unit, which came into operation in May 1999 comprise a dedicated and qualified team with over 10 years of experience in working for the private sector, doing private sector research, business to business surveys and lobbying with the Government, as the voice of the private sector. The EIU has broad and in-depth knowledge of private sector issues, constraints and opportunities as well as excellent local and international outreach/network.

#### 9.1.4. MEDIA IN SRI LANKA

The major newspapers include Ada, Daily Mirror, Ceylon Today, Daily News, The Island, Daily FT.

## 9.2. UNDERSTANDING THE SALIENT FEATURES OF SRI LANKA'S NTMs

Raihan et al (2014) highlighted that Sri Lanka's national policies and regulatory regime related to trade, industry, and economy, are, like in other SAARC states, prevalently focused on promoting domestic industries and exports thereof, the protection of local industries, safeguarding against hazards to public health, and environment. It also focuses on government's revenue collection through export and import. With the fairly decent level of industrialisation and openness to trade in goods and services, and moderate size of its economy and population in the SAARC context, Sri Lanka ranks 4<sup>th</sup> position in terms of total volume of export and import within SAARC region, lagging behind Bhutan, Nepal and Afghanistan. Regional trade within SAARC constituted 8% of Sri Lanka's global export, but 33% of Sri Lanka's import from the world in 2014 according to IMF, Direction of Trade Statistics (DOTS). India remains the largest trading partner, with Maldives and Pakistan being very close 2<sup>nd</sup> and 3<sup>rd</sup> partners respectively in the region in 2011. Sri Lanka's trade regime features taxes, levies, and surcharges on exports, rare in the SAARC region, with Afghanistan being the other country to impose levies on a significant number of export items.

### SRI LANKA

#### 4<sup>TH</sup> LARGEST TRADER WITHIN SAARC IN TERMS OF VOLUME

8%

share of total exports within SAARC

33%

share of total imports within SAARC

### The salient features of NTMs in Sri Lanka

1. 38 categories of plants or plant materials are banned and/or restricted for imports
2. Animals and animal products from ruminant origin from 22 countries are banned for imports
3. 9 categories of food items require test certificates for radiation level within the allowable range before granting permission for export or import
4. Imports of a number of products are subject to quality standards
5. 15 categories of food items are prohibited from import, sale, and distribution in Sri Lanka if they contain colours which are not permitted
6. 4 species of fish are banned for exports
7. Selected products, such as tea, gemstones, etc. are subject to prior approval for prequalification by respective product-specific sectoral regulatory bodies (Tea Board for example) before export
8. Food items containing Genetically Modified Organism (GMO) are subject to restricted import and sale in the domestic market

## 9.3. UNDERSTANDING THE MAJOR NTM ISSUES FOR SRI LANKAN EXPORTERS IN SOUTH ASIA

The following broad categories of NTMs most frequently faced by Sri Lankan exporters:

**SPS Restrictions:** Sanitary and Phytosanitary measures (Category A under UNCTAD classification) pertaining to Human, Animal and Plant health and related food safety issues are applied to agro and food processing exports from Sri Lanka. These products are subject to quarantine, certifications, and inspection requirement related to SPS issues in other South Asian countries, mainly in India.

**TBT Restrictions:** Various kinds of packaging, labelling, certifications, and conformity assessments,

or other restrictions falling under the Technical Barriers to Trade (TBT) pertaining to Category B under UNCTAD classification. Most of these products belong to packaged food, household and consumer products.

**Fluctuating Standards and Procedural Steps:** Concerns over fluctuating standards and procedural steps they face while dealing with officials in other SAARC countries, particularly in India. Many of these difficulties arise resulting from poor coordination and dissemination between government officials and business community.

## 9.4. CREATING A POLICY ADVOCACY GROUP IN SRI LANKA

### **Formation**

Policy advocacy on regional trade issues has some bases in Sri Lanka. The stakeholders are fairly active in organising different formal and informal meetings with the policymakers in Sri Lanka. Also, there is an active presence of the think tanks with regular research and publications on regional trade issues.

The advocacy group in Sri Lanka will consist of active advocates from four different stakeholders (i.e. policymakers, business association, think tanks and media). The advocacy group could be composed as follows:

1. A representative from the FCCISL as the convener
2. A representative from the NCCSL
3. A representative from the CCC
4. A representative from the Department of Commerce
5. A representative from Institute of Policy Studies, Colombo.
6. A representative from a leading newspaper

The Policy Advocacy Group may co-opt or invite experts or representatives from concerned organisations, if required. Representatives from concerned sectors affected for NTMs may be invited in the meetings of the policy advocacy group. The NTM desk located at the FCCISL will work as the platform for the advocacy group. See Annex 1 for elaborated information on the NTM desks. The NTM desk officer will act as the Member Secretary of the advocacy group. The current scope of work of the NTM desk needs to be widened to include these new activities.

### **Objectives**

The Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in other South Asian countries which exporters from Sri Lanka face. Also, the Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in Sri Lanka which the Sri Lankan importers encounter.

### **Relevant stakeholders**

As far as the market access of the Sri Lankan exporters to other countries is concerned, many NTMs can be solved through either bilateral negotiations or more effectively under regional

initiatives; In this case relevant policymakers from all eight countries in South Asia have the prime responsibilities. The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members represent the Ministries of Commerce and the Ministries of Finance from all eight South Asian countries. The Policy Advocacy Group in Sri Lanka should maintain links with the representatives of the Department of Commerce of Sri Lanka and assist them in the regular analysis on NTMs the Sri Lankan exporters face in other South Asian countries.

In the case of NTMs in Sri Lanka, which the importers in Sri Lanka face, the policy advocacy should be directed at different ministries and affiliated organisations depending on the nature of the NTMs. For example, tariff issues are dealt by Department of Commerce and Ministry of Finance; and other forms of SPS and TBT related issues are dealt by the Ministry of Health and Sri Lanka Standards Institutions (SLSI) respectively.

### **Reaching policymakers**



The policymakers need to hear a very clear analysis, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might render the advocacy ineffective. Analyses should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to Sri Lankan exporters' lack of capacity to meet these required standards. There is a need to develop the capacities of the Sri Lankan exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the Sri Lanka Standards Institutions (SLSI) so that their certificates are accepted in other countries. Many NTMs turn into NTBs due to procedural obstacles.

An example of creating some relevant and clear analysis is Raihan et al (2014), where the major NTM issues for Sri Lanka have been highlighted. Similar exercises with updated information are needed.

The Policy Advocacy Group in Sri Lanka can learn from the ITC Technical Paper Series on non-tariff measures to generate clear analysis, information and updated data on NTMs in the country. These ITC reports are very relevant for understating the NTMs and procedural obstacles from a business perspective.<sup>14</sup> ITC has already done the exercise for Sri Lanka.<sup>15</sup>

## WHOM

The policymakers, especially the Department of Commerce, need to hear all these NTM related issues primarily from the traders (exporters and importers) because they are the direct stakeholders. Think tanks have the capacities to conduct sophisticated research on regional trade and NTMs and thus think tanks can put together these NTM issues in a coherent way and raise concerns to the policymakers. The media has the role to sensitise these issues, and in this case the leading newspapers should publish issues related to obstacles to regional trade in South Asia with especial perspectives from the Sri Lankan traders. Above all, the Policy Advocacy Group will be in a better position to compile perspectives from all the stakeholders and present that information in a systematic and coherent way to the policymakers so that actionable measures can be undertaken.

## HOW

The Policy Advocacy Group will have to produce credible analysis, supported by data and reliable information which the policymakers will find useful. This will help policymakers to device effective actions. They advocacy group should follow up with the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on

imports and exports as well as highlighting any policy change may be published by the Policy Advocacy Group.

### Current status of policy advocacy on NTMs

At present there is no Policy Advocacy Group on NTMs in Sri Lanka. The information and data on NTMs are relatively weak. However, there has been major recent work titled, “NTMs in South Asia: Assessment and Analysis” by Raihan et al (2014), and there have been some other studies. However, since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### Next steps on policy advocacy implementation

At first the Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk located at the FCCISL should work as the Secretariat of the Policy Advocacy Group for its regular operations. The NTM desk is currently working on monitoring of the NTMs on some priority export products, which the exporters from Sri Lanka face in other South Asian countries. It should also be mentioned that there is a need to monitor on the progress of NTMs imposed by the Sri Lankan authorities on imports from other South Asian countries.

### Policy Advocacy Group taking action

A concrete policy action matrix has been suggested. The initial step should be to form an advocacy group with active participation from different stakeholders. The advocacy group will flag out issues and carry out effective analysis with the help of the think tanks. A good idea would be to start with two priority NTM issues which the importers in Sri Lanka face domestically (for example, simplifying the import licensing, transparent SPS measures on imports) and two priority NTM issues which the exporters from Sri Lanka face in other South Asian countries (for example, transparent SPS measures on export to India and other South Asian countries, and mutual recognition on standards).

### Risk analysis

There are risks involved with inactive participation of the members of the Policy Advocacy Group which will make the policy advocacy process ineffective.

<sup>14</sup>See <http://www.intracen.org/itc/market-info-tools/non-tariff-measures/publications/>

<sup>15</sup>See <http://www.intracen.org/publications/ntm/SriLanka/>

Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In the context of Sri Lanka, an active representative from the FCCISL can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, for various reasons they don't report those issues properly. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk of maintaining the links and connections with policymakers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

In the context of Sri Lanka, one major issue is developing the capacity of research on trade and NTM issues within the business community and policymakers. Lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

### **Monitoring and Evaluation**

Five major areas should be addressed for monitoring and evaluation of the strategy:

#### **Operators**

The major user of this M&E is the Policy Advocacy Group in Sri Lanka to monitor its progress. However,

this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group in Sri Lanka.

#### **Subsequent use**

The report of the M&E process should be discussed in length at the national forum of the Policy Advocacy Group in Sri Lanka as well as the regional forum hosted by the SAARC-TPN.

#### **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

#### **Indicators**

A set of indicators can be decided for the M&E process. Suggested indicators are: number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.

#### **Data collection tools**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 9.5. AN ACTION PLAN FOR THE POLICY ADVOCACY IN SRI LANKA

Table 9: An action plan for the policy advocacy in Sri Lanka

S.N.	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the Policy Advocacy Group	FCCISL/PAG							Lack of interest from the addressed stakeholders. Internal dynamics of the chambers	The organisation hosting the NTM desk to take the lead in the process
	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	FCCISL								
	Contact Ministry of Commerce for representation in the group	PAG								
2	Identifying the top two priority issues each for NTMs on imports and exports	PAG/NTM desk								Utilising the findings of the NTM desks to identify priority issues
		PAG/NTM desk								
3	National workshop involving all the stakeholders	PAG/NTM desk								Validating the findings on the priority issues
4	An analytical paper on top two priority issues each for NTMs on imports and exports	National chambers								Use knowledge resources of the chambers for the papers to be published
		National chambers								
5	A capacity building workshop on regional trade and NTM issues	PAG/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
6	Engaging the media (such as through newspaper articles or a TV talk show) on priority issues of NTMs for imports and exports	PAG								Create media plans and work with journalists within the country to write on the NTM matters
		PAG								
		PAG								
7	One to one meeting with major stakeholders based on analysed issues	PAG							Availability of the stakeholders	
8	Monitoring and evaluation of the advocacy process	PAG							Overstated achievements	Self-assessment of the PAG
9	Regular communications (formal and informal) with Department of Commerce to help them in the South Asia negotiation process	PAG							Availability of the DoC for regular interaction	
10	Present the findings in other national and international forums.	PAG/SAARC-TPN members								
11	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



## 9.6. A SUGGESTIVE TOR OF THE POLICY ADVOCACY GROUP (PAG) IN SRI LANKA

The PAG will need to be formed and institutionalised. Representatives from all the TPN members in Sri Lanka, leading business champions, and representative of a leading media will be the members of the PAG. A relevant representative from the Department of Commerce could also be a member of this group. The advocacy should not be limited to dealing with NTMs but should also cover broader intra-regional trade issues. Also there should be advocacies for the implementation of good policies or mechanisms which are already available.

### **Roles and responsibilities of the members:**

- The members of the PAG need to be dynamic and active and need to have good understanding of the regional trade and NTM issues
- Prepare a stakeholder mapping, identifying relevant people and organisations and preparing and maintaining their contact lists, collect and analyse relevant information on NTMs
- Use the formal and informal channels and meetings to convey the message and advocate to the policymakers
- Organise workshops and training programs, writing of the newspaper articles, and set up an internal committee for the M&E process

### **Roles and responsibilities of the chair:**

- The chair of the PAG need to have both formal and informal access to the lead policymakers in Sri Lanka
- He/she will maintain regular formal and informal links with other members of the PAG and guide them for policy advocacy
- The chair, with the decision taken at the meeting of PAG, will commission two papers on the priority NTM issues related to exports and imports to the researchers at chambers

### **Roles and responsibilities of the secretariat (NTM desk):**

- The NTM desk located at the FCCISL can work as the platform for the advocacy group
- The NTM desk officer will act as the Member Secretary of the PAG
- The current scope of work of the NTM desk needs to be widened to include these new activities

### **Procedures for convening meetings and operation, decision making process:**

The chair of the PAG, with the consent of its members, will ask the NTM desk officer to convene any meeting of the PAG with a specific agenda. The meeting will discuss based on the agenda and will follow up the progress on the decisions taken in the past meetings. The decision of the meeting should be tried to be based on a consensus.

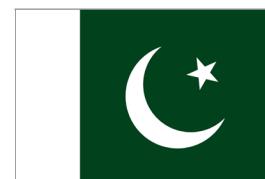
## 9.7. A TENTATIVE BUDGET FOR THE POLICY ADVOCACY IN SRI LANKA (18 MONTHS)

S.N.	List of items	Description	US\$
1	Expenses for the monthly meetings of the policy advocacy group in 18 months which include venue costs, refreshment, transportation costs, and stationaries.	18 meetings @ US\$ 100 per meeting	1800
2	Informal meetings with the policymakers with refreshments	18 meetings @ US\$ 50 per meeting	900
3	National workshop involving all the stakeholders which include venue costs, refreshment, transportation costs, and stationaries.	Unit cost is US\$ 1000	1000
4	An analytical paper on top two priority issues for NTMs on both imports and exports	Unit cost is US\$ 1000	2000
5	Newspaper article on priority issues for each NTMs on imports and exports	Unit cost is US\$ 200	400
6	An internal monitoring and evaluation of the advocacy process	Unit cost is US\$ 1000	1000
<b>7</b>	<b>Total</b>		<b>7100</b>



# CHAPTER 10

# Designing a Policy Advocacy Strategy in South Asia



## 10.1. IDENTIFYING THE MAJOR STAKEHOLDERS IN SOUTH ASIA

### 10.1.1. POLICYMAKERS IN SOUTH ASIA

#### **SAFTA Committee of Experts (COE) under the South Asian Association for Regional Cooperation (SAARC):**

The South Asian Association for Regional Cooperation (SAARC) is an economic and geopolitical organisation of eight countries that are primarily located in South Asia or the Indian subcontinent. The SAARC Secretariat is based in Kathmandu, Nepal. The SAARC policies aim to promote welfare economics, collective self-reliance among the countries of South Asia, and to accelerate socio-cultural development in the region. The SAARC has developed external relations by establishing permanent diplomatic relations with the EU, the UN (as an observer), and other multilateral entities.[10] The official meetings of the leaders of each nation are held annually whilst the foreign ministers meet twice annually. The 18th SAARC Summit was held in Kathmandu from 26–27 November 2014. The South Asian Free Trade Area (SAFTA) is an agreement reached on 6 January 2004 at the 12th SAARC summit in Islamabad, Pakistan. It created a free trade area of 1.6 billion people in Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka (as of 2011, the combined population is 1.8 billion people). The seven foreign ministers of the region signed a framework agreement on SAFTA to reduce customs duties of all traded goods to zero by the year 2016. The SAFTA agreement came into force on 1 January 2006 and is operational following the ratification of the agreement by the seven governments. SAFTA requires the developing countries in South Asia (India, Pakistan and Sri Lanka) to bring their duties down to 20 percent in the first phase of the two-year period ending in 2007. In the final five-year phase ending 2012, the 20 percent duty will be reduced to zero in a series of annual cuts. The least developed nations in South Asia (Nepal, Bhutan, Bangladesh, Afghanistan and Maldives) have an additional three years to reduce tariffs to zero. India and Pakistan ratified the treaty in 2009, whereas Afghanistan as the 8th member state of the SAARC ratified the SAFTA protocol on the 4th of May 2011. There is a Committee of Expert (COE) in SAFTA which takes the decision on tariff and non-tariff issues.

#### **South Asian Regional Standards Organisation (SARSO):**

They work to promote and undertake harmonisation of national standards of the SAARC Member States with a view to removing the technical barriers to trade and facilitate flow of goods and

services in the region by developing SAARC standards on the products of regional/sub-regional interest and to encourage the use of international standards published by international organisations such as ISO, IEC, CODEX, etc. by way of adoption, where appropriate, as SAARC Standards. They aim to establish mutually beneficial cooperation with the relevant international and regional organisations as per relevant SAARC guidelines, present the common interests of the Member States in the various international standardisation organisations, encourage exchange of information and expertise among the National Standards Bodies of the Member States in the fields of Standardisation and Conformity Assessment, facilitate capacity building among the Member States in the fields of Standardisation and Conformity Assessment by way of training, workshops, seminars etc., promote Mutual Recognition Arrangements (MRAs) on Conformity Assessment Procedures among the Member States and explore the possibility of having a common mark of conformity among the Member States.

### 10.1.2. BUSINESS ASSOCIATIONS IN SOUTH ASIA

#### **SAARC Chamber of Commerce and Industry (SCCI):**

Pursuant to the directive of the SAARC Secretariat, SCCI, assisted by the National Federations, submitted its draft constitution to the SAARC Secretariat and received its approval on December 1992. This signified the official recognition of the SCCI by all the national governments of SAARC as the apex body of all the National Federations of Chambers of Commerce and Industry of SAARC as follows:

1. Afghanistan Chamber of Commerce and Industry (ACCI)
2. Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
3. Bhutan Chamber of Commerce and Industry (BCCI)
4. Federation of Indian Chambers of Commerce and Industry (FICCI)
5. Maldives National Chamber of Commerce and Industry (MNCCI)
6. Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
7. Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
8. Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL)

Presently all National Chambers/ Federations of the respective member countries serve as focal points to facilitate the SCCI Secretariat in Islamabad. The thrust areas for the SCCI can be divided into five major areas: (i) awareness building on key economic issues i.e. trade facilitation, NTBs, TBTs, Harmonisation of Customs Procedures, intra-regional investment and such others pertaining to promote economic cooperation at the regional level; (ii) develop global linkages as a part of its outreach strategy; (iii) provide services to its members and representatives of the private sector; (iv) work closely with governments, NGOs, CSOs to raise the concern on socio-economic issues; and (v) develop an institutional framework for supporting economic cooperation.

#### **10.1.3. THINK TANKS IN SOUTH ASIA**

**Afghanistan:** No think tank working on trade issues

**Bangladesh:** South Asian Network on Economic Modeling (SANEM)

**Bhutan:** Center for Bhutan Studies and GNH Research

**India:** Indian Council for Research on International Economic Relations (ICRIER)

**Maldives:** No think tank working on trade issues

**Nepal:** South Asia Watch on Trade, Economics and Environment (SAWTEE)

**Pakistan:** Sustainable Development Policy Institute (SDPI)

**Sri Lanka:** Institute of Policy Studies of Sri Lanka

#### **10.1.4. MEDIA IN SOUTH ASIA**

The South Asian Free Media Association (SAFMA) was set up to promote networking among the media community in South Asia for free media, peace and regional cooperation. SAFMA is recognized by SAARC as an associated body with its central secretariat in Lahore.

## **10.2. CREATE A REGIONAL ADVOCACY GROUP FOR POLICY ADVOCACY IN SOUTH ASIA**

### **Formation**

The composition of regional advocacy group will be of the vice presidents of SCCI as the members and these vice-presidents can also be the members of their respective national advocacy groups. Therefore, the composition of the advocacy group could be as follows:

1. The President of the SCCI as the convener
2. The Secretary General of SCCI as a member
3. The representative from Afghanistan at the SCCI as the vice-president of SCCI as a member
4. The representative from Bangladesh at the SCCI as the vice-president of SCCI as a member
5. The representative from Bhutan at the SCCI as the vice-president of SCCI as a member
6. The representative from India at the SCCI as the vice-president of SCCI as a member
7. The representative from Maldives at the SCCI as the vice-president of SCCI as a member
8. The representative from Nepal at the SCCI as the vice-president of SCCI as a member
9. The representative from Pakistan at the SCCI as the vice-president of SCCI as a member
10. The representative from Sri Lanka at the SCCI as the vice-president of SCCI as a member

There is a need to set up a regional NTM desk at the SCCI which can work as the platform for the regional advocacy group. The officer in charge of the NTM desk at the SCCI can work as the office bearer.

### **Objectives**

The regional Policy Advocacy Group will aim at the harmonisation and transparency of all kinds of NTMs and reduction of NTBs in South Asian countries.

### **Relevant stakeholders**

The SAARC Secretariat and its different forums should be directed under this policy advocacy at the regional level. One of the major forums of the SAARC Secretariat for enhancing regional economic cooperation is the SAFTA COE, where the members are the representatives from Ministry of Commerce and Ministry of Finance from all eight South Asian countries. The regional Policy Advocacy Group, though the country level policy advocacy groups, should maintain links with the representatives of Ministry of Commerce and Ministry of Finance of the respective governments and assist them in the regular analysis on NTMs.

## Reaching Policymakers

### WHAT

The policymakers need to hear very clear analysis, information and updated data on NTMs in the country and the region as a whole. These need to be relevant along with concrete examples for which effective measurable actions can be undertaken. Any vague analysis or recommendations should be avoided, which might make the advocacy ineffective. Analysis should address how much of the magnitude of any NTM has to be solved by the partner country and how much of it is actually related to exporters' lack of capacity to meet the required standards. There is a need to develop the capacities of the exporters so that they can meet the justified SPS and TBT standards in other countries. Also, there is a need to develop the capacity of the National Standards Authority so that certificates issued by them are accepted in other countries. It is also important to focus on developing the infrastructure of the land custom stations in the South Asian countries as poor infrastructure and lack of testing and laboratory facilities work as NTMs in many cases.

### WHOM

The members of the SAFTA COE and similar platforms (which are represented by the policymakers of the member countries), need to hear all these NTM related issues primarily from the traders (exporters and importers) because they are the direct stakeholders. The leading think tanks in South Asia need to conduct sophisticated research on regional trade and NTMs and put together these NTM issues in a coherent way and raise concerns to the policy makers. The South Asian media has the role to sensitise these issues. The regional Policy Advocacy Group, led by the SCCI, need to compile perspectives from all the stakeholders and present those information in a systematic and coherent way to the SAARC Secretariat so that actionable measures can be undertaken.

### HOW

The regional Policy Advocacy Group will have to produce credible analysis, supported by data and reliable information which the policymakers will find useful. This will help policymakers to devise effective actions. They advocacy group should follow

up with the policymakers through regular formal and informal interactions. Formal interactions could be in the form of workshops, presentations etc. and informal interactions could be done through personal engagements. The policymakers should be briefed regularly on relevant matters with relevant analysis which are the simplified and summarised versions of lengthy technical papers. Leaflets, newsletters containing information regarding NTMs/NTBs on imports and exports as well as highlighting any policy change may be published by the Policy Advocacy Group.

### Current status of policy advocacy on NTMs

At present there is no regional Policy Advocacy Group on NTMs in South Asia. There have been some good information and data on NTMs at the regional level. One such example is the work titled, "NTMs in South Asia: Assessment and Analysis" by Raihan et al (2014), and some other studies. However, since it is a dynamic process in the sense that the existing exporters and new exporters are faced with new forms of barriers, the Policy Advocacy Group should device a system that would regularly report and update relevant information and data.

### Next steps on its implementation

At first a regional NTM desk needs to be formed at the SCCI. Then a regional Policy Advocacy Group should be formed. The advocacy group will need better information, data and analysis on NTMs on a regular basis. The NTM desk, to be located at the SCCI, can work as the Secretariat of the Policy Advocacy Group for its regular operations.

### Policy Advocacy Group taking action

A concrete policy action matrix has been suggested. The initial step should be to establish a regional NTM desk, and then form a regional advocacy group with active participation from different stakeholders. The advocacy group will flag out issues and carry out effective analysis with the help of the regional think tanks.

**A good idea would be to start with two or three common priority NTM issues (for example, building the capacities of the land custom stations and work on mutual recognition on standards).**

## Risks analysis

There are risks involved with inactive participation of the members of the regional Policy Advocacy Group which will make the policy advocacy process ineffective. Thus, within the Policy Advocacy Group someone has to take the lead and work closely with other members to ensure their active participation. In this context, the Secretary General of SCCI can perform this role. There is also a need to identify champions from relevant organisations who will carry out or support the reform process. There is also the issue of ensuring availability of data on regular basis. In many cases, despite the fact that the exporters and importers encounter NTM related problems, for various reasons they don't report those issues properly. Therefore, the advocacy group will have to build a bond of trust with the traders so that they provide with relevant and reliable up to date information. Finally, as this advocacy group would be a dynamic one and the people involved with it might change, there is a risk of maintaining the links and connections with policy makers. This risk could be minimised through early anticipation of the change in the member of the advocacy group and though some extra efforts of communication from the new members.

For almost all the South Asian countries, one major issue is developing the capacity of research on trade and NTM issues with the think tanks, business community and policy makers. Lack of relevant and good research on regional trade and NTM issues would make the policy advocacy process ineffective. In this context, efforts should be put in place with the assistance from government and national and international organisations to build such capacity.

## Monitoring and Evaluation

Five major areas should be addressed for monitoring and evaluation of the strategy:

### **Operators**

The major user of this M&E is the Policy Advocacy Group at the regional level led by the SCCI to monitor its progress. However, this M&E can help the SAARC-TPN to follow up the activities undertaken by the Policy Advocacy Group at the regional level.

### **Subsequent use**

The report of the M&E process should be discussed in length at the national forum of the regional Policy Advocacy Group led by SCCI as well as the regional forum hosted by the SAARC-TPN.

## **Design**

This could be an annual internal M&E process. In this case, the people from the participating organisations who are not directly involved in the policy advocacy process should be assigned to do this M&E.

## **Indicators**

A set of indicators can be decided for the M&E process.

## **Data Collection Tools**

**Suggested indicators are:**  
**number of formal meetings with the policymakers; number of informal meetings with policymakers; progress on the two priority NTM issues for exporters in terms of time, cost and procedural steps; progress on the two priority issues for importers in terms of time, cost and procedural steps.**

Baseline data and repeat survey data on time, cost and procedural steps of the two priority NTM issues both for exporters and importers can be collected. In this case, The M&E of the policy advocacy could be linked to the M&E process of the NTM desk. The NTM monitoring template suggested by Raihan et al (2014) can be the relevant reference for this exercise. See Annex 2 for the NTM monitoring template.

## 10.3. AN ACTION PLAN FOR THE REGIONAL POLICY ADVOCACY IN SOUTH ASIA

**Table 10:** An action plan for the policy advocacy in South Asia

#	List of activities	Responsibility	Quarters						Risk	Remarks
			1	2	3	4	5	6		
1	Setting up the regional NTM desk at the SCCI	SCCI							Lack of interest from the SCCI	
2	Setting up the regional Policy Advocacy Group	SCCI							Lack of interest from the addressed stakeholders.	
2	Contact national TPN members and relevant stakeholders for the formation of the Policy Advocacy Group	SCCI								SCCI to take the lead in the process
3	Identifying the top priority issues for NTMs at the regional level	SCCI/regional NTM desk								Utilising the findings of the NTM desks to identify priority issues
4	A regional workshop involving all the stakeholders	SCCI/regional NTM desk								Validating the findings on the priority issues
5	An analytical paper on the top priority issues for NTMs at the regional level	SCCI								Use knowledge resources of the chambers for the papers to be published
6	A capacity building workshop on regional trade and NTM issues	SCCI/WG-HCD								Align timelines with WG-HCD for the Trainings on NTM
7	Regular communications (formal and informal) with SAARC Secretariat	SCCI							Availability of the stakeholders	
8	Monitoring and evaluation of the advocacy process	SCCI							Overstated achievements	Self-assessment of the PAG
9	Present the findings in other national and international forums.	SCCI/SAARC-TPN members								
10	A regional workshop involving the Policy Advocacy Groups in other South Asian countries									To be considered for future possibility in coordination with SCCI



# **ANNEXES**

# Brief description on NTM desks

## OVERVIEW:

NTM desks have been established as one of the initiatives of the SAARC-TPN to create a sustainable mechanism for regular monitoring and reporting of Non-Tariff Measures (NTMs) relevant to trading in the SAARC countries. The information on prevailing NTMs is collected and serves as a basis for regional trade advocacy. As the experts on Non-Tariff Barriers (NTBs) in their respective country and with their substantial network of stakeholders from the private and public sector, the NTM desk officers play a vital role in promoting policy advocacy for the reduction and elimination of NTBs and the streamlining of NTMs within the SAARC region. The NTM desks have been established in leading chambers of seven SAARC countries<sup>1</sup>.

For the period of 2013 December - 2016 December, the GIZ support programme to the SAARC-TPN assists the NTM desks to achieve their objectives by providing some subsidies for selected activities, field visits, and expert costs. The NTM desks function within the premises and institutional set-ups of the host organisations and abide by the standard operating practices of those organisations to ensure sustainability of this initiative beyond the GIZ support period.

## NTM desk officers' responsibilities:

1. Develop a sound understanding of NTMs, their categories, the purpose they serve, the implications of NTMs on trade, and so forth
2. Identify and monitor the NTBs/NTMs of specific products pertaining to trading with the SAARC region, and provide key inputs and support for policy advocacy at the national level
3. Develop and implement annual country specific operation plans for the NTM desk
4. Communicate and coordinate with NTM desks in other SAARC countries, the NTM desk coordinator and also GIZ support programme to the SAARC-TPN regularly

## Overall objective of the NTM desk:

1. Act as a reliable and updated information centre for NTMs affecting national trade within the SAARC region
2. Serve as a centre working actively to support the reduction and elimination of NTMs hindering intra-regional trade

## Monitoring and Evaluation:

The NTM desk activities is monitored and evaluated on the basis of achievements made by the desk in line to the identified deliverables. The following points is considered in the overall evaluation:

1. The progress on the basis of the "deliverables" of the NTM desks
2. The implementation of the annual country specific operation plan
3. Special achievements on mitigating NTMs as a direct result of the NTM desk activities
4. Development of future models of sustainability for the NTM desk in the country

## NTM desks in SAARC Region:

1. Afghanistan – Afghanistan Chamber of Commerce and Industries (ACCI)
2. Bangladesh – The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI)
3. Bhutan – Bhutan Chamber of Commerce and Industry (BCCI)
4. India – Federation of Indian Chambers of Commerce and Industry (FICCI)
5. Nepal – Confederation of Nepalese Industries (CNI)
6. Pakistan – The Federation of Pakistan Chambers of Commerce and Industry (FPCCI)
7. Sri Lanka – Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL)
8. Maldives – no NTM desk yet

<sup>12</sup>Namely in Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka

# Monitoring Matrix

## COUNTRY: [SAARC COUNTRY]

### CLASSIFICATION AND DESCRIPTION OF PARTICULAR NTMs:

Product HS Code:			Trade Flow: [Export/Import]			Partner	
Cost	Description of Cost Items		Cost in Local Currency			Source of Verification	Critical Considerations
			2013	2014	2015		
	Cost Items	Cross Ref.					'unofficial' fee Y/N
	A1.1						If yes, how much/to whom?
	A1.2		US \$				
	A1.3						
	examples, para-tariff, licensing fees, etc.						
Procedural Steps	Description of Procedural Steps/ Documents		No. of Steps/Documents			Source of Verification	Critical Considerations
	Cross Ref.	2013	2014	2015			
	B2.1						How many copies? Y/N
	B2.2						Pre-requisites? If yes, which/what/where?
	B2.3						
	examples, quality inspection, certificate, country of origin, certificate, import license, etc.						
Time	Time Requirements for Key Procedures		No. of Days			Source of Verification	Critical Considerations
	Cross Ref.	2013	2014	2015			
	C3.1						Automation in place? Y/N
	C3.2						If yes, on which side?
	C3.3						Location of laboratory
	examples: Customs clearance, Laboratory testing, Test results						

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