Panel: Intraregional Trade in South Asia: Challenges and Opportunities

South Asian countries struggle to promote trade within the region and trade relations are negatively impacted by political issues between some member states. Lack of favourable regional customs regime incites the non-tariff barriers (NTBs) which in turn force producers and traders to source merchandise from countries outside the region. India and Pakistan, being the two major economies in South Asia, still have meagre trade volumes compared to an estimated trade potential which is more than triple the current value of total bilateral trade. Insignificant trade volumes also make a weak case for boosting transit trade relations across the region. The session will highlight the political, economic and procedural issues hurting intraregional trade, with a specific focus on the following questions:

1. What are the barriers in regional integration in terms of trade and transport connectivity?
2. How can South Asia overcome infrastructure and customs-related deficits to promote regional trade?
3. How can South Asia resolve political challenges which prevent government-to-government and business-to-business dialogue on trade enhancement?

This session will also discuss the potential of services trade. The services sector has become an important driving force for economic growth throughout the world as it comprises of around 69 per cent of the economies as measured by Gross Domestic Product (GDP). To induce growth in developing countries, the potential of the services sector is significant, but underutilized. Since the 1990s, the services sector has made an important contribution to GDP, especially in South Asian countries. Unfortunately, trade in services in these countries is very low.

The ‘intangibility’ and ‘inseparability’ factors are the key impediments to trade in services. The services sector was not included in the multilateral trading system until the inception of the Uruguay Round of General Agreement on Tariffs and Trade. The General Agreement on Trade in Services (GATS) was the first initiative that aimed at the progressive liberalisation of trade in services. Since January 1995, the World Trade Organization (WTO) has been administering this agreement and, services trade is getting the necessary importance in the multilateral trading system.

Despite the above mentioned, trade in services is still a vastly untapped area providing immense opportunities for inclusive growth. This panel further aims to look into:

a. Provide an overview of services trade in South Asia, including a discussion on key sectors in which intra-regional services trade is taking place.
b. Identify the major barriers to enhancing trade in services across the region, and,
c. Look at the lessons which may be learnt from other regions.

References


**Panel Organisers:**
Ms Rabia Manzoor, Senior Research Associate, Sustainable Development Policy Institute, Islamabad, Pakistan.
Email: rabia@sdpi.org

Mr Asif Javed, Project Associate, Sustainable Development Policy Institute, Islamabad, Pakistan.
Email: asifjaved@sdpi.org