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in the Context of Bangladesh**

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An Analysis of SAFTA in the Context of Bangladesh

Md. Joynal Abdin*

Abstract

One of the main economic reasons behind regional trade blocks is to allow their regional members to benefit from economic cooperation and comparative advantages. In 1980, Bangladesh had suggested a regional cooperative body of South Asian leaders, which then led to the establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985, the adoption of the SAARC Preferential Trading Arrangement (SAPTA) in 1993, and the agreement on the South Asian Free Trade Area (SAFTA) in 2004. This paper focuses on a review of the progress made with SAFTA, what Bangladesh's prospects are in SAFTA, and how SAFTA can be made more active. It provides the historical background about the various initiatives within South Asia, reviews the actual trade data, and reviews the main trade restrictions within SAFTA. It also provides a set of recommendations based on this analysis.

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I. Introduction

No country is self-dependant in every aspect. One product may grow better in one country than another. Some goods may not grow at all in some countries or may be produced more efficiently in other countries. Yet, demand for any kind of good may exist all around the globe. Hence, there are benefits from sharing resources with each other and such resource sharing is typically carried out via international trade. Mutual benefits are the reason for international trade. United efforts can achieve impossible tasks. If the SAFTA agreement would be implemented in all aspects, it would be a strong force to make South Asia a poverty-free region. As pointed out by Mahmud (2006), exports have been one part of Bangladesh's growth and poverty-reduction dynamics, growing at an average of 15 percent annually since the late 1980s.

Regional trade agreements (RTAs) facilitate a friendly trading environment among a limited number of countries located geographically close to each other. Regional trade blocks have been established all over the world at an increasing trend, especially during the last two decades, which is partly due to failures of multilateral negotiations, especially at various ministerial meetings of the World Trade Organization (WTO). The economic reasons behind RTAs are to allow their regional members to benefit from economic cooperation and comparative advantages, to achieve economies of scale, and to become less dependent on necessary imports from more distant countries. To achieve such an economic integration within South Asia, Bangladesh proposed a regional cooperative body of South Asian leaders in 1980, which then led to the establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985, the adoption of the SAARC Preferential Trading Arrangement (SAPTA) in 1993, and the agreement on the South Asian Free Trade Area (SAFTA) in 2004.

The objectives of this paper are to (i) analyze if SAFTA has significantly increased Bangladesh's trade with SAARC countries, (ii) identify the main items Bangladesh cannot export to SAARC countries based on these countries' negative lists, (iii) identify major barriers of intra-SAARC trade, and (iv) provide some recommendations on how to make SAFTA a more effective RTA. This study includes a review and light discussion on the evolution of SAFTA. It also describes trade liberalization initiatives taken by the South Asian leaders. It includes a simple analysis of intra-SAARC trade and especially Bangladesh's trade with SAARC countries before and after SAFTA has been activated.¹

There are various limitations of this study, including the resources that were available for this study. For a more in-depth study, it would have been required to collect more detailed information at the country-level and to have discussed various issues with the respective ministers and officials. While attempts have been made to collect further information by contacting various officials, the replies were very scarce. The main

¹ There are various publications that go far beyond this simple analysis of trade data. Rahman, Shadat and Das (2006) investigate the trade creation and trade diversion effects of a number of RTAs, with special focus on the SAFTA, by using a gravity model that is augmented by some other import variables like the bilateral exchange rate and bilateral free trade agreements. More sophisticated analyses of Bangladesh's stakes in SAFTA and other regional and multilateral trade agreements are analyzed by Raihan and Razzaque (2007).

sources for this paper are therefore based on information posted at the websites of (i) the Export Promotion Bureau of Bangladesh (www.epb.gov.bd), (ii) the Bangladesh Bank (www.bangladesh-bank.org), (iii), the World Trade Organization (www.wto.org), and (iv) the SAARC Secretariat (www.saarc-sec.org). The paper also benefitted from discussions by the author with various participants of recent international workshops on South Asian trade liberalization.

Despite these limitations, the paper contributes to reviewing the trade liberalization initiatives in South Asia, the evolution of SAFTA, comparing SAPTA with SAFTA, and analyzing current intra-SAARC trade trends. It contributes to questions like (i) why Bangladesh's exports to SAARC countries are not rising, (ii) what the main issue should be in the next trade negotiation for Bangladesh with regards to SAFTA, (iii) what the main tariff and non-tariff barriers are that hamper intra-SAARC trade, (iv) what Bangladesh's prospects are in SAFTA, and (v) how SAFTA can be made more active.² The paper is structured as follows. The next section provides the historical background about the various initiatives towards trade liberalizations in South Asia. The third section provides a simple analysis based on actual trade data. The fourth section reviews the main trade restrictions within SAFTA while the last section provides some conclusions and recommendations.

II. Historical Background

II.1. Establishment of SAARC

In November 1980, the Government of the People's Republic of Bangladesh sent a proposal to the Heads of the States of seven South Asian countries to think about a platform of regional cooperation. Following that proposal, Foreign Secretaries of seven South Asian countries met for the first time in Colombo in April 1981. That meeting was followed by the foreign ministers' meeting in New Delhi in August 1983, the adoption of the Declaration on South Asian Regional Cooperation, as well as the launching of the Integrated Program of Action (IPA), which initially addressed five areas of cooperation: (i) agriculture, (ii) rural development, (iii) telecommunications, (iv) meteorology, and (v) health and population. Two additional areas, covering (vi) scientific and technological cooperation and (vii) sports, arts and culture were added to the IPA at a later stage.

At a meeting of Heads of State of Government, held in Dhaka on 7-8 December 1985, a Charter was adopted that formally established SAARC. The 1985 meeting in Dhaka is subsequently known as the first SAARC Summit. Besides the objectives of SAARC provided in Box 1 below, SAARC's general provisions are that (i) decisions at all levels in SAARC shall be taken on the basis of unanimity and that (ii) bilateral and contentious issues shall be excluded from the deliberations of the Association. SAARC also adopted three principles. First, the cooperation within the framework of the Association is based

² Some of the initial challenges of SAFTA have been analyzed in more details in Rashid and Rahman (2004). The state of regional cooperation in South Asia and the future of SAFTA have also been discussed in Hossain and Selim (2007). A case study of SAFTA and the sanguinity and aspiration toward South Asian Regional integration has also been analyzed by Kabir (2007).

on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in the internal affairs of other States and mutual benefit. Second, such cooperation is to complement and not to substitute bilateral or multilateral cooperation. And third, such cooperation should be consistent with the bilateral and multilateral obligations of its Member States.

Box 1: Objectives of SAARC

- Promote the welfare of the peoples of South Asia and improve their quality of life.
- Accelerate economic growth, social progress and cultural development in the region and provide all individuals the opportunity to live in dignity and to realize their full potential.
- Promote and strengthen collective self-reliance among the countries of South Asia.
- Contribute to mutual trust, understanding and appreciation of one another's problems.
- Promote active collaboration and mutual assistance in the economic, social, cultural technical and scientific fields.
- Strengthen cooperation with other developing countries.
- Strengthen cooperation among themselves in international forums on matters of common interests.
- Cooperate with international and regional organizations with similar aims and purposes.

II.2. From SAARC to SAPTA

At the beginning of its journey, SAARC focused its work mostly in soft areas like health, population, cultural exchange, and sports. In the fourth SAARC Summit in Islamabad, held on 29-31 December 1988, the Heads of States were passed a study report on the cooperation in the areas of trade, manufactures and services. The recommendations of that study led SAARC leaders to think about a preferential trade arrangement within SAARC. A consultant was commissioned to carry out a study on Trade, Manufacture and Services (TMS) in the SAARC region. According to the consultant's recommendations three years later in 1991, further initiatives were taken towards a preferential trade arrangement at the sixth SAARC summit in Colombo on December 21, 1991. It was recognized that a specific agreement on an institutional framework is needed under which specific measures for trade liberalization among SAARC Member States can be taken.

At the seventh SAARC summit in Dhaka, held from April 10-11 1993, the Heads of States of the People's Republic of Bangladesh, the Kingdom of Bhutan, the Republic of India, the Republic of Maldives, the Kingdom of Nepal, the Islamic Republic of Pakistan and the Democratic Socialist Republic of Sri Lanka agreed to establish the SAARC Preferential Trading Arrangement (SAPTA) to promote and sustain mutual trade and the economic cooperation among them.³ In the eighth SAARC summit held in New Delhi on 2-4 May 1995, the SAPTA agreement was discussed in depth. Importance was given to technical meetings and the finalization of all necessary modalities so that SAPTA could start its journey by the end of 1995. Indeed, SAPTA entered into force on the 7th of December 1995.

³ Please see <http://www.south-asia.com/saarc/sapta.htm> for the actual agreement.

The main objectives of SAPTA were to promote trade relations among the member states and to identify and remove trade barriers. SAPTA worked with four main tasks: tariff, para-tariff, non-tariff, and direct trade measures. While SAPTA adopted four major negotiation approaches (on product by product basis, across the board tariff reductions, sector wise, and direct trade measures), all leaders agreed that the main negotiations should be undertaken on a product-by-product basis. They also agreed that tariff, para-tariff and non-tariff barriers will be identified step by step and removed successively and gradually. The agreement also includes special attention for the less developed countries (LDCs) in Article 10.

It was agreed that the products covered under the agreement must satisfy the rules of origin in order to be given preferential treatment. The purpose of the rules of origin is to ensure that the benefits of tariff concessions exchanged under SAPTA are given only to products originating in Contracting States. SAPTA also stipulated that any facility under this agreement must be active for the subsequent three years that no change should be made before three years unless any facility would cause a serious injury to the contracting states. Revisions were also possible after discussing the matter with all contracting states and after the initial three years.

II.3. From SAPTA to SAFTA

Within SAPTA, Contracting States had agreed to undertake measures for developing and improving communication systems, transport infrastructure and transit facilities for accelerating the growth of trade within the region. There were three rounds of negotiations about how much concessions will be given to each other. There were two scales for approving concessions like for LDCs and non-LDCs. From a technical perspective, these rounds were the steps towards SAFTA. Negotiations were conducted mainly on a product by product basis, even though Bangladesh, India and Pakistan have also exchanged their tax and tariff concession list chapter-wise. The Maldives have granted tariff concession for all member states for 368 products. The more detailed steps taken at various SAARC summits towards SAFTA are provided in Appendix 1.

By early 2004, the negotiations had progressed to the point that the SAFTA agreement paper was signed by SAARC leaders in Islamabad on January 6, 2004.⁴ The main objectives of SAFTA are to facilitate regional trade without any barriers and to share each country's strategic advantage with others. Hence, at least from a legal point of view, SAFTA has emerged as a regional trade block with its currently eight member states namely, Afghanistan⁵, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka. Consistent with the 2004 agreement, SAFTA started to function on January 1, 2006. While SAPTA also stipulated some measures to adopt a free trade area, Table 1 below shows that there are considerable differences between SAPTA and SAFTA.

⁴ See <http://www.saarc-sec.org/data/agenda/economic/safta/SAFTA%20AGREEMENT.pdf> for the actual SAFTA agreement.

⁵ Afghanistan was added to the regional grouping on November 13, 2005, and became formally a SAARC member on April 3, 2007.

Table 1: Differences between SAPTA and SAFTA

| Feature | SAARC Preferential Trading Arrangement (SAPTA) | South Asian Free Trade Area (SAFTA) |
|----------------|--|---|
| Initiation | SAPTA was the first step towards trade liberalization under SAARC. Leading towards a common economic union among the member states, a free trade area was its first objective. | SAFTA is the result of SAPTA and the legal platform to achieve a common economic union in the South Asia. |
| Objective | The commitment of SAPTA was to promote regional cooperation for the benefit of their peoples, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of all States. | The commitment of SAFTA is to strengthen intra-SAARC economic cooperation to maximize the realization of the region's potential for trade and development for the benefit of their people, in a spirit of mutual accommodation. |
| Origin | SAPTA was the key input of SAFTA. Result of the Consulting Committee on Trade, Manufacture and Services (TMS). | SAFTA adopted total SAPTA agreement as its preferential basis. It can be called upgraded version of SAPTA. |
| Instruments | SAPTA works with the following instruments: <ul style="list-style-type: none"> ▪ Tariffs ▪ Para tariffs ▪ Non-tariff measures ▪ Direct trade measures | Instruments of implementing SAFTA are as follows: <ul style="list-style-type: none"> ▪ Trade Liberalization Programme ▪ Rules of Origin ▪ Institutional Arrangements ▪ Consultations and Dispute Settlement Procedures ▪ Safeguard Measures ▪ Any other instrument that may be agreed upon. |
| In Practice | Under SAPTA Bangladesh got 50 tariff concessions in RGM exporting from developing countries like India, Pakistan. | In SAFTA, Bangladeshi RMG products are in the negative list of all developing members of SAFTA. |
| Final Comments | SAPTA was better for Bangladesh. | SAFTA provides lots of difficulties with major exportable products of Bangladesh in the negative list of the member states. |

III. An Analysis of Trade Volumes

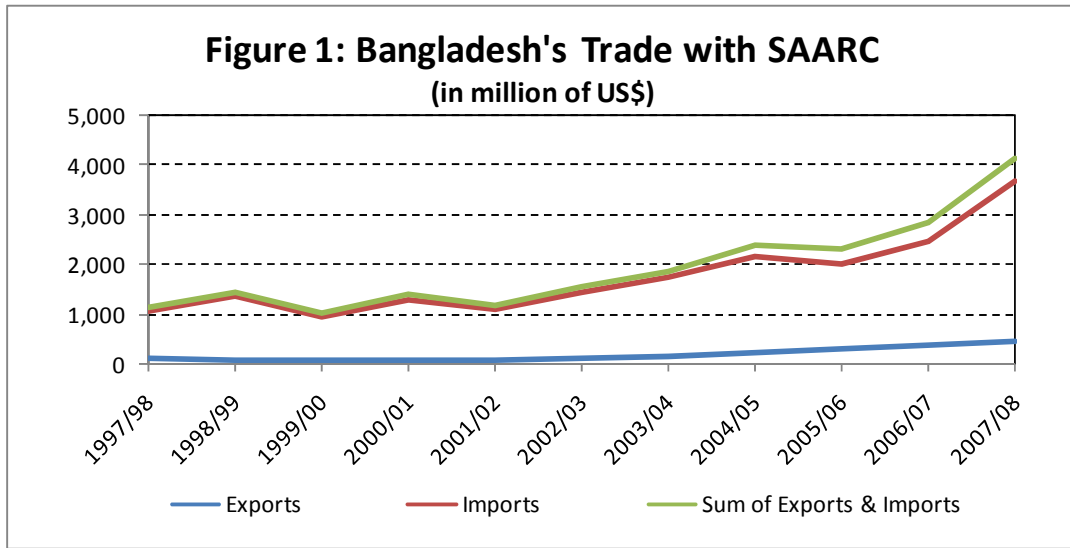
III.1. Bangladesh's Trade Volumes with SAARC

The volumes of imports from SAARC countries as well as the exports of Bangladesh to SAARC countries from fiscal year 1997/98 until fiscal year 2007/08 is provided in Table 2 below and graphically illustrated in Figure 1. Clearly, as part of the overall increase in

trade volumes, Bangladesh's exports to SAARC countries have grown moderately and Bangladesh's imports from SAARC countries have increased significantly, both in nominal terms.

| Table 2: Bangladesh's Exports & Imports with SAARC Countries & Rest of the World | | | | | | | | | | |
|---|--------------------|---------------|--------------|-----------------|--------------|-----------------|------------------|-------------------------------|--------------|------------------------------------|
| <i>(in million of US\$, unless otherwise indicated)</i> | | | | | | | | | | |
| Year | Afghanistan | Bhutan | India | Maldives | Nepal | Pakistan | Sri Lanka | Sum of SAARC Countries | World | Share of SAARC in World (%) |
| Exports | | | | | | | | | | |
| 1997/98 | 10.67 | 0.02 | 65.6 | - | 1.9 | 44.8 | 1.25 | 124 | 5,172 | 2.4 |
| 1998/99 | 1.87 | 0.46 | 59.7 | - | 0.81 | 38.1 | 3.54 | 105 | 5,324 | 2.0 |
| 1999/00 | 0.48 | 0.78 | 64.9 | - | 0.37 | 31.8 | 4.66 | 103 | 5,752 | 1.8 |
| 2000/01 | 4.88 | 1.19 | 62.3 | 0.005 | 0.37 | 32.1 | 2.62 | 103 | 6,467 | 1.6 |
| 2001/02 | 7.31 | 1.64 | 50.3 | - | 0.66 | 28.6 | 2.07 | 91 | 5,986 | 1.5 |
| 2002/03 | 3.09 | 1.44 | 84.1 | - | 0.37 | 31.5 | 3.76 | 124 | 6,548 | 1.9 |
| 2003/04 | 4.22 | 1.36 | 89.3 | - | 0.83 | 45.1 | 10.26 | 151 | 7,603 | 2.0 |
| 2004/05 | 3.43 | 4.71 | 144.2 | 0.002 | 0.84 | 63.1 | 11 | 227 | 8,655 | 2.6 |
| 2005-06 | 0.96 | 1.72 | 242.2 | 0.02 | 0.66 | 57.5 | 13.25 | 316 | 10,526 | 3.0 |
| 2006-07 | 0.76 | 1.4 | 289.4 | 0.27 | 0.85 | 61.1 | 14.82 | 369 | 12,177 | 3.0 |
| 2007-08 | 2.77 | 1.35 | 358.1 | 0.08 | 6.71 | 71.0 | 19.32 | 459 | 14,110 | 3.3 |
| Imports | | | | | | | | | | |
| 1997/98 | 0.86 | 5.03 | 933.7 | 0.83 | 10.82 | 79.4 | 5.92 | 1,037 | 7,524 | 13.8 |
| 1998/99 | 0.54 | 4.11 | 1228.3 | - | 17.72 | 82.8 | 6.83 | 1,340 | 8,018 | 16.7 |
| 1999/00 | 2.26 | 4.4 | 836.1 | - | 2.14 | 84.2 | 8.38 | 937 | 8,403 | 11.2 |
| 2000/01 | 0.10 | 5.65 | 1184.0 | - | 6.03 | 95.3 | 7.99 | 1,299 | 9,363 | 13.9 |
| 2001/02 | 0.19 | 3.92 | 1011.8 | - | 3.34 | 67.3 | 6.12 | 1,093 | 8,540 | 12.8 |
| 2002/03 | 3.83 | 2.74 | 1355.0 | 0.96 | 5.54 | 68.7 | 7.98 | 1,439 | 9,658 | 14.9 |
| 2003/04 | 2.65 | 5.61 | 1599.5 | 0.34 | 4.12 | 112.7 | 9.83 | 1,735 | 10,854 | 16.0 |
| 2004/05 | 4.57 | 8.53 | 2007.1 | 0.49 | 1.72 | 138.9 | 10.29 | 2,172 | 13,177 | 16.5 |
| 2005-06 | 1.88 | 11.67 | 1848.7 | 0.37 | 2.68 | 150.0 | 10.84 | 2,026 | 14,746 | 13.7 |
| 2006-07 | 1.05 | 12.83 | 2268.1 | - | 5.96 | 182.2 | 16.32 | 2,486 | 16,946 | 14.7 |
| 2007-08 | 4.04 | 13.74 | 3371.5 | - | 52.95 | 238.9 | 15.27 | 3,696 | 21,625 | 17.1 |
| Sum of Exports and Imports | | | | | | | | | | |
| 1997/98 | 11.53 | 5.05 | 999.3 | - | 12.72 | 124.2 | 7.17 | 1,161 | 12,696 | 9.1 |
| 1998/99 | 2.41 | 4.57 | 1288.0 | - | 18.53 | 120.9 | 10.37 | 1,445 | 13,342 | 10.8 |
| 1999/00 | 2.74 | 5.18 | 901.0 | - | 2.51 | 115.9 | 13.04 | 1,040 | 14,155 | 7.4 |
| 2000/01 | 4.98 | 6.84 | 1246.3 | - | 6.4 | 127.4 | 10.61 | 1,402 | 15,830 | 8.9 |
| 2001/02 | 7.50 | 5.56 | 1062.1 | - | 4 | 95.9 | 8.19 | 1,183 | 14,526 | 8.1 |
| 2002/03 | 6.92 | 4.18 | 1439.1 | - | 5.91 | 100.2 | 11.74 | 1,563 | 16,206 | 9.6 |
| 2003/04 | 6.87 | 6.97 | 1688.7 | - | 4.95 | 157.8 | 20.09 | 1,886 | 18,457 | 10.2 |
| 2004/05 | 8.00 | 13.24 | 2151.3 | 0.492 | 2.56 | 202.0 | 21.29 | 2,399 | 21,832 | 11.0 |
| 2005-06 | 2.84 | 13.39 | 2090.9 | 0.39 | 3.34 | 207.5 | 24.09 | 2,342 | 25,272 | 9.3 |
| 2006-07 | 1.81 | 14.23 | 2557.5 | - | 6.81 | 243.3 | 31.14 | 2,855 | 29,123 | 9.8 |
| 2007-08 | 6.81 | 15.09 | 3729.6 | - | 59.66 | 309.9 | 34.59 | 4,156 | 35,735 | 11.6 |

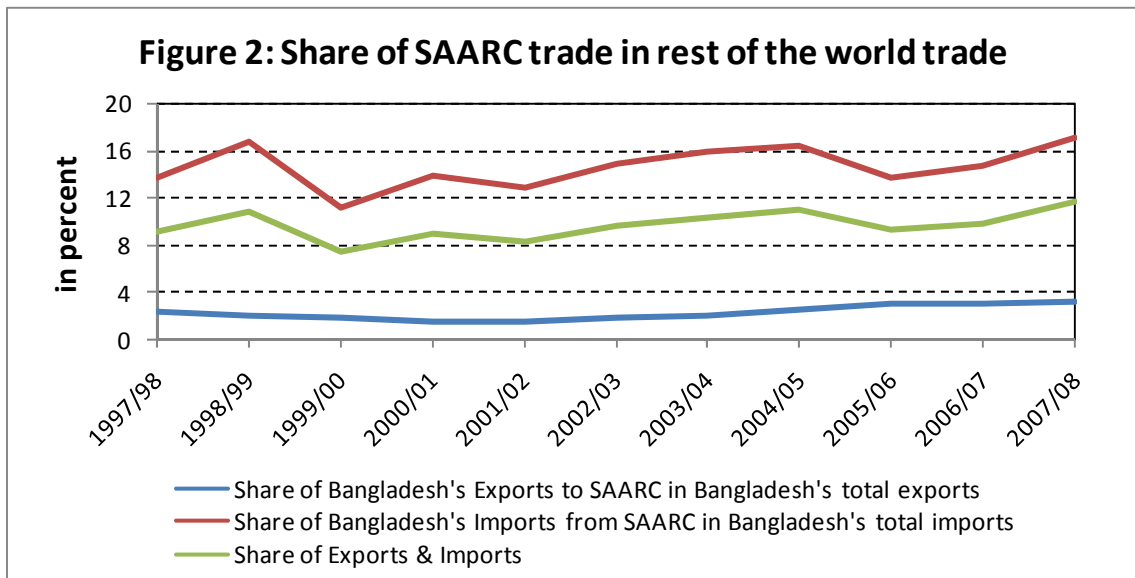
Source: Extracted and calculated by the author from website of Export Promotion Bureau (EPB) of Bangladesh (<http://www.epb.gov.bd/>)



Source: Author's Calculations based on Table 2.

III.2. Bangladesh's SAARC Trade as a Share of Bangladesh's Total Trade

Bangladesh's trade with SAARC countries has also increased if comparing the trade volumes to Bangladesh's GDP, which is again a typical characteristic of the ongoing globalization. Hence, the more useful comparison is to compare a) Bangladesh's trade with SAARC countries with b) Bangladesh trade with the rest of the world. This is shown in Figure 2, which shows the share of Bangladesh's trade with SAARC countries as a share of Bangladesh's trade with the rest of the world.



Source: Author's calculations based on Table 2.

The first important observation is that SAARC plays a very marginal role in Bangladesh's exports. The share of Bangladesh's exports to SAARC amounts to less than 4 percent of Bangladesh exports to the rest of the world. The shares are slightly more significant for imports, amounting to just below 12 percent for fiscal year 2007/08, but are still not as high as one might have expected. Second, the shares of imports and exports have grown only marginally over the ten year period: a) for exports from 2.4 percent to 3.3 percent, b) for imports from 13.8 percent to 18.1 percent, and c) for the sum of exports and imports from 9.1 percent to 11.6 percent. Third, given that SAFTA officially started its journey on January 1, 2006, looking especially at the last three years, we do not see any major increase in the overall trend, that is to some degree overshadowed by some volatility.⁶

IV. Trade Restrictions

There are various trade restrictions that can help to understand why SAFTA has not increased trade as might be desired among its members. First of all, there remain some tariff rates within SAFTA, which are higher than in any other RTAs. Second, there are many non-tariff barriers that are summarized in the following sections.

IV.1. Lack of Trust

There is a lack of trust among the SAARC businessmen. While little is known about the reasons for this lack of trust, one reason is that the long period of British colonization has divided sub-continental people in many aspects. The British provided different privileges to some specific groups in South Asia that enforced the ethnic and religious division among the sub-continental people. Another reason that may in some cases be related to the previous one is that India, Pakistan and Bangladesh had fought wars thrice in past fifty years. A possible third reason may be the way India is currently projecting its superiority complexity at the negotiation table of any topic. Whatever the reasons may be, the current lack of trust will need to be overcome if we want to make SAFTA more effective.

IV.2. Lack of Land Connectivity

Though two of the SAARC countries are isolated by sea from the other member states but there is no land connectivity among the rest as well. Infrastructure is an essential tool to get engaged into the flow of globalization. Land connectivity makes transporting commodities easier, quicker and economy in cost. But unfortunately after twenty years of SAARC's establishment it did not able to make the region connective in land. But all sorts of connectivity e.g. land, air and sea is essential to make efficient business transaction among the nations. So a SAARC high way as well as free air and sea connectivity should be ensured to make SAFTA effective.

⁶ Raihan (2008) reviewed a number of studies which conducted qualitative and quantitative assessments of SAFTA and its implications on the Bangladesh economy. He suggests that there are conflicting arguments on the success of SAFTA as well as on whether Bangladesh would stand to gain from SAFTA. He also suggests that rigorous economic analysis tends to come to the conclusion that Bangladesh may not be able to gain much within the existing 'trade in goods' based agreement and that the possibility of a large trade diversion for Bangladesh under the full implementation of the existing SAFTA agreement is high.

IV.3. Transit Crisis

It is a serious matter that SAARC countries are still not giving sufficient transit to each other. For example India is giving two hours transit to Bangladesh & Nepal through Bangla Banda land port. It is quite scarce to meet the transportation demands between Bangladesh and Nepal. If India allow this for at least eight hours then Bangladesh export to Nepal can be raised up to thrice than present. So SAARC countries should be freer to offer transit to the nations to increase intra-SAARC trade.

IV.4. Lack of Inter Border Transportation Entrance

Inter border transport system is not friendly in practice. For example India is not allowing any Bangladeshi trucks to enter into India with a view of security problem. If India is unable to protect them from a truck how they are ensuring their national security from their enemies. So it is a silly excuse. It should not be. So every SAARC country should open up their border for the trucks of counterpart to carry goods freely. As India is the biggest as well as richest country in the region so they should play the vital role in this regard.

IV.5. Complicated Visa System

There is a hard-core visa system practicing by the SAARC countries, it is another major NTB in the region. Especially India is restricting their visas to the Bangladeshi people on a daily basis. There are some additional requirements for Bangladeshis to get an Indian visa. Such a discriminatory policy should not be acceptable under SAFTA as it obviously weakens intra regional trade.

IV.6. Political Conflict

Despite the fact that many families have relatives across national borders, especially among Bangladesh, India and Pakistan, some families are isolated from each other for political reasons. Indeed, there is a looming a dangerous conflict among many South Asian countries. India is sometimes mistrusted as it plays many times a big brother role in the region. The Kashmir issue is a major obstacle to confidence building between India and Pakistan. At the same time Bangladesh has some disagreements with India with regards to their sea border and some South Western islands. Nepal and Bhutan have some conflict with India with regards to their hydroelectric power generation. Finally, Afghanistan believes that Pakistan is sheltering and supporting Talibans while Pakistan is suspicious about the Afghani government. These political conflicts imply considerable non-tariff barriers in the region and a serious challenge to make SAFTA more effective.

IV.7. Lack of ICT Support

Information and communication technology (ICT) make the world smaller and quicker as well. But in South Asia, the ICT infrastructure has not developed as required. None of the South Asian countries is capable to provide all sorts of business support to businessmen in online mode, hampering not only national business but also regional and global trade. So the ICT infrastructure should be developed to promote SAFTA.

IV.8. Long Negative List

Another reason for the limited impact of SAFTA may be related to the long negative lists of goods excluded from SAFTA. Under the SAFTA arrangement every member state preserves its right to protect its industry by imposing restrictions to imports of other states' products. These lists of restricted products are known as sensitive lists or negative lists and are provided in Appendices 2 to 8. The major products Bangladesh cannot export to other SAARC countries due to these negative lists are woven garments, knitwear, leather goods and foot wear, ceramic products, jute and jute goods, tea, handicrafts, calendars, bicycles, pharmaceutical products, meat, vegetables, and ships. The serious implications these negative lists have on intra-SAARC trade is especially clear if looking at South Asia's textile industries.⁷

IV.9. Bilateral Free Trade Agreements (BFTAs)

There are some doubts about the seriousness of SAARC countries to make SAFTA effective due to the existence of bilateral FTAs among themselves. India and Sri Lanka, Sri Lanka and Pakistan, as well as India and Nepal are doing business with each other under their separate BFTA. Hence, the question arises on what the use of SAFTA is if member countries do not do trade under its umbrella?

V. Conclusions and Recommendations

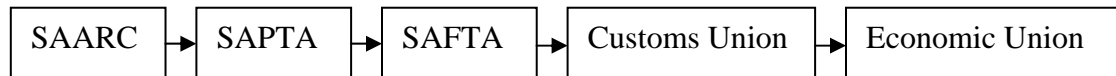
Presently, SAFTA is a bit more than three years in operation and the trade data analyzed reflects solely two years. While two years is a short time to diagnose the effectiveness of such a regional agreement, there is a saying that a red morning sun provides the prediction for a day of sunshine. SAFTA has failed to give us that prediction. First, as was shown, intra-SAARC trade has not increased much since SAFTA has been implemented. Second, there remain considerable tariff and non-tariff barriers within SAFTA.

Bangladesh could benefit significantly from facilitating new market accesses if SAFTA would be more effective. If SAFTA is implemented properly, then India would be bound to offer transit to the other member states and Bangladeshi exports to Nepal and Bhutan would increase considerably. Even the Pakistani and Afghan markets would be more easily accessible for Bangladesh. Furthermore, if a deep seaport would be established in Bangladesh, Bangladesh would be able to earn a considerable amount of revenue by providing transit to the regions and countries that are land-locked to the eastern and northern parts of Bangladesh. As a less developed country, Bangladesh is also eligible to get special differential treatment and trade assistance under the SAFTA agreement from the more advanced neighboring countries in the region.

⁷ Tewari (2008) examined the dynamics of cross border trade and investment in South Asia, exploring the potential for, and obstacles to, such trade by looking specifically at the textile and clothing sector. She points out that there is very little regional inter-linkage within South Asia's textile and clothing industry, despite the growing competitiveness of this sector in the SAARC region. She shows that less than 4 percent of SAARC's global textile and clothing exports are traded within the region and that there is growing evidence of widespread substitution of South Asia by East Asia as the sourcing hub of fabric and accessories by the region's major clothing exporters.

Finally, as Figure 3 shows, the SAFTA initiative could lead into a successful economic union, which is supposed to be the ultimate target. In short, a more effective SAFTA would be a tremendous chance to gain for all SAARC member states.

Figure 3: Roadmap towards a South Asian Economic Union



Yet, the above figure also shows that South Asian countries still have to go a long and complicated way before reaching an Economic Union in South Asia. If SAFTA fails to be effective, it will be very difficult to reach an economic union in the near future. Hence, an effective SAFTA should be a priority concern for the SAARC member governments. A united South Asia would be much more effective in tackling any task. The following steps are suggested to make SAFTA more effective.

V.1. Accelerate the Implementation of All SAFTA Agreements

It is important that all SAFTA agreements are implemented as soon as possible. While the treaty has come into force on January 1, 2006, there are various elements that are supposed to be fully implemented only by December 31, 2015.

V.2. Eliminate Tariffs, Para-Tariffs and Non-Tariff Barriers

South Asia continues to suffer from high tariffs, para-tariffs and non-tariff barriers. While it has been argued that some tariffs might be justified to protect the industries especially of the region's least developed countries, the existing tariffs are currently not supporting that argument as they are applied across all South Asian countries. If SAARC countries want an effective regional free trade area, all tariffs and trade barriers need to be identified such that the necessary actions can be taken to remove them before the end of 2015.

V.3. Shorten Negative Lists

Presently, some of the major exportable products of South Asian countries are formally excluded from trade among South Asian countries due to long negative lists. If there is a goal to have a free trade area within South Asia, then every country should shorten its negative list as soon as possible. The shortening of the negative lists would also reduce the smuggling of goods currently ongoing across South Asia and the negative effects that come with it.

V.4. Involve Private Sector Representatives in the Negotiations

Presently, all types of trade negotiations are taking place at the governmental level. This applies to the WTO as well as to SAFTA. Business communities, which are the actual actors, are being neglected in this regard. In order to identify the problems more clearly and to solve them efficiently, business communities and private sector representatives should be included in all trade negotiations. Apex business bodies like the Federation of

Bangladesh Chambers of Commerce and Industry (FBCCI) and the Federation of Indian Chambers of Commerce and Industry (FICCI) can help a lot in this process.

V.5. Form a SAARC Task Force

Another suggestion is to form a high-level task force with representatives from each country to identify current problems and that the authority of such a task force would need to be preserved to solve the problems without any political or bureaucratic intervention.

V.6. Tackle Common Economic and Political Challenges

SAARC countries should start with tackling common macroeconomic challenges and adopt a common resource sharing policy. They should also act jointly in the international bodies like the United Nations. A common list of interests should be identified and actions should be taken to achieve them. For example, a common nuclear power generation plant could be established to meet the regional power crisis. Another example would be to form a regional defense body like the North Atlantic Treaty Organization (NATO) to strengthen intra SAARC defense.

V.7. Establish Regional Fund to Promote Poverty Reduction

Finally, it would be useful to establish a SAARC Fund to promote capacity building in the regional LDCs that have high levels of poverty and face natural disasters to ensure the provision of food for the South Asian people. Such a fund could also include the provision of resources for the trade-related infrastructure development.

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Appendix 1: SAARC Summits: Steps Towards SAFTA

| Summit | Date | Place | Decisions towards Economic Integration |
|--------|-----------------------------|-----------|---|
| 1st | 7 - 8 December 1985 | Dhaka | The Heads of State or Government signed a Charter of the South Asian Association for Regional Cooperation on the 8th of December, 1985. They also adopted the Dhaka Declaration. |
| 2nd | 16 - 17 November 1986 | Bangalore | They issued the Bangalore Declaration. A Memorandum of Understanding on the Establishment of the SAARC Secretariat was signed by the Foreign Ministers of the SAARC countries in their presence. |
| 3rd | 2 - 4 November 1987 | Katmandu | They issued the Katmandu Declaration providing a renewed thrust and direction to the future course of regional cooperation in South Asia. They expressed their happiness at the signing of the SAARC Regional Convention on Suppression of Terrorism and the Agreement establishing South Asian Food Reserve by the Foreign Ministers of the SAARC Member States in their presence. They firmly believed that the Convention and the Agreement constituted landmarks in their collective endeavors to eradicate terrorism and hunger from the region. |
| 4th | 29 - 31 December 1988 | Islamabad | The Heads of State or Government noted with satisfaction that modalities for studies to be carried out for cooperation in the areas of trade, manufactures and services had been worked out by a Group of Experts, which met in Islamabad recently. They emphasized the need for the completion of the studies within the agreed time schedule. They directed that the Fourth Meeting of Planners should examine the possibility of cooperation in agreed areas of trade, manufactures and services, which would promote the objectives of meeting the basic needs of the peoples of the region. The report of the Planners should be considered at the next Council of Ministers meeting, with a view to making specific recommendations to the next Summit. |
| 5th | 21 - 23 November 1990 | Male | The Heads of State or Government noted with satisfaction that the national studies on Trade, Manufactures and Services had been completed. They underlined the need for expeditious action for completing the Regional Study within the timeframe stipulated by the Council of Ministers. They expressed the hope that it would open new avenues of cooperation for the prosperity of the peoples of the region. There was also a welcome trend towards the opening up of the global economy and integration of national economies into the mainstream of the world economy. They further noted the trend of increasing integration of the pattern of global production, consumption and trade, growing multi-polarity of the world economic structure and integration of the markets of the developed countries in order to maintain their technological lead and competitive edge. These changes presented new challenges and opened up new opportunities to the South Asian countries, as to the rest of the developing world. The Heads of State or Government were convinced that their mutual cooperation can be a critical factor in enabling them to pursue these objectives more effectively. |

| | | | |
|------|--------------------|-----------|--|
| 6th | 21 December 1991 | Colombo | The Heads of State or Government emphasized the vital importance of assessing the nature and extent of international economic interdependence and of the need for reviving the North/South dialogue. They approved that the Inter Governmental Group (IGG) set up on the recommendation of the Committee on Economic Cooperation should formulate and seek agreement on an institutional framework under which specific measures for trade liberalization among SAARC Member States could be furthered. |
| 7th | 10 - 11 April 1993 | Dhaka | The Heads of State or Government welcomed the finalization of the framework Agreement on SAARC Preferential Trading Arrangement (SAPTA). They expressed their deep satisfaction over the signing of the framework Agreement. The Leaders stressed that all necessary steps should be taken to begin the first round of trade negotiations to exchange trade preferences among Member States under the Arrangement. |
| 8th | 2 - 4 May 1995 | New Delhi | The Heads of State or Government noted with satisfaction that subsequent to the signing of the Framework Agreement on SAARC Preferential Trading Arrangement (SAPTA) during their Seventh Summit in Dhaka in April 1993, the first round of trade negotiations to exchange trade concessions among Member States has been completed. They directed that all necessary steps should be taken to facilitate ratification by all Member States and operationalize SAPTA by the end of 1995 as mandated. |
| 9th | 12 - 14 May 1997 | Male | The Heads of State or Government noted with satisfaction the entry into force of the Agreement on SAARC Preferential Trading Arrangement (SAPTA) on 7 December 1995. They recognized the importance of achieving a free trade area by 2001 and reiterated that steps towards trade liberalization must take into account the special needs of the smaller and the least developed countries and those benefits must accrue equitably. |
| 10th | 29 - 31 July 1998 | Colombo | The Heads of State or Government reiterated the importance of achieving SAFTA as mandated by the Ninth SAARC Summit. To this end they decided that a Committee of Experts, in consultation with Member States, be constituted with specific Terms of Reference (TOR) to work on drafting a comprehensive treaty regime for creating a free trade area. The Heads of State or Government expressed the view that such a treaty must incorporate, among other things, binding time-frames for freeing trade, measures to facilitate trade, and provisions to ensure an equitable distribution of benefits of trade to all states, especially for smaller and least developed countries, including mechanisms for compensation of revenue loss. They emphasized the importance of finalizing the text of the regulatory framework by the year 2001. |
| 11th | 4 - 6 January 2002 | Katmandu | Recognizing the need to move quickly towards a South Asian Free Trade Area, the Heads of State or Government directed the Council of Ministers to finalize the text of the Draft Treaty Framework by the end of 2002. They also directed that in moving towards the goal of SAFTA, the Member States expedite action to remove tariff and non-tariff barriers and structural impediments to free trade. They also instructed to conclude the meeting of the Inter Governmental Group on Trade Liberalization for the Fourth Round of Trade Negotiations under SAPTA as early as possible as per the decision of the Tenth SAARC Summit in Colombo. |

| | | | |
|------|-------------------------------|-----------|---|
| 12th | 2 - 6 January 2004 | Islamabad | We affirm our determination to create an inclusive, just and equitable partnership for peace, development and prosperity. Satisfactory progress has been made in the SAARC Preferential Trading Arrangement (SAPTA). The signing of the Framework Agreement on the South Asian Free Trade Area (SAFTA) is a major milestone. It is important to maintain this momentum and move towards further broadening of economic cooperation and to ensure equitable distribution of benefits of trade and cater to the special needs of the small and LDC Member States by providing them special and deferential treatment. |
| 13th | 12 - 13 November 2005 | Dhaka | The Heads of State or Government stressed the importance of the entry into force of the SAFTA Agreement on the scheduled date (January 1, 2006). The launching of SAFTA would mark an important milestone on the road to a South Asian Economic Union. They directed that the negotiations on the outstanding issues under the Agreement should be completed by end November 2005. They further directed that the necessary national procedures should be completed in time to facilitate the operationalization of the Agreement. |
| 14th | 3 - 4 April 2007 | New Delhi | The Heads of State or Government noted with satisfaction timely ratification of SAFTA Agreement by all member countries. They stressed the need for ensuring effective market access through smooth implementation of trade liberalization programme and directed the SAFTA bodies to review the progress on a regular basis. They emphasized that SAFTA should be implemented in letter and spirit. Successful implementation of SAFTA will catalyze other areas of regional economic cooperation. They stressed that to realize its full potential, SAFTA should integrate trade in services. They called for a finalization of an Agreement in the services sector at the earliest. They also directed that the Agreement on Investment Promotion and Protection be finalized. |
| 15th | 27 July - 3 August 2008 | Colombo | Recognizing the need to continue to address the major barriers hindering effective trade liberalization in the region, which include sensitive lists of items and Non-Trade Barriers (NTBs), they directed that the decision to revise the sensitive lists by the SAFTA Ministerial Council (SMC) be implemented early. They also recommended that while revising the Sensitive Lists, special consideration should be given to the LDCs. The Leaders directed that SAFTA Committee of Experts (SCoE) to expeditiously resolve the issue of Non Tariff Measures (NTMs) and Para Tariff Measures (PTMs) in order to facilitate and enhance the trade under SAFTA. The Heads of State or Government underlined the need for taking concrete measures to improve trade facilitation in terms of the mutual recognition of standards, the adoption of common tariff nomenclatures, the harmonization of customs procedures. They directed the relevant SAARC bodies to expedite their work in these areas. They also recognized the importance of development of communication system and transport infrastructure and transit facilities especially for the landlocked countries to promote intra-SAARC trade. They welcomed the signing of the text of the Agreement on the Establishment of the South Asian Regional Standards Organization. They also welcomed the signing of the Protocol on Afghanistan for Accession to SAFTA. |

Source: SAARC Summit Declarations and/or SAARC Press Releases.

Appendix II: Bangladesh Exportable Products in the Negative List of Afghanistan

| SL | H.S Code | Product Details |
|----|-----------|--|
| 1 | 5810.9900 | Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted. (Woven items) |
| 2 | 5208.5900 | Woven fabrics of cotton, containing 85 % or more by weight of cotton, weighing more than 200 g/m ² . |
| 3 | 6103.2900 | Jackets and blazers (Knitwear) |
| 4 | 6103.3900 | Trousers, bib and brace overalls, breeches and shorts. |
| 5 | 6103.4900 | Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted |
| 6 | 6104.2900 | Jackets and blazers |
| 7 | 6104.5900 | Trousers, bib and brace overalls, breeches and shorts |
| 8 | 6902.9000 | Ceramic building bricks, flooring blocks, support or filler tiles and the like |
| 9 | 6909.9000 | Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china. |
| 10 | 6912.0000 | Other ceramic articles |
| 11 | 4202.1990 | Handbags, whether or not with shoulder strap, including those without handle |
| 12 | 0601.1000 | Bulbs, tubers, tuberous roots, corms, crowns and rhizomes, dormant |
| 13 | 0602.1000 | Unrooted cuttings and slips |
| 14 | 0602.2000 | Trees, shrubs and bushes, grafted or not, of kinds which bear edible fruit or nuts |
| 15 | 0602.3000 | Rhododendrons and azaleas, grafted or not |
| 16 | 0602.4000 | Roses, grafted or not |
| 17 | 0602.9000 | Other |
| 18 | 0603.1100 | Roses |

Appendix III: Bangladesh Exportable Products in the Negative list of Pakistan

| SL | H.S Code | Product Details |
|----|-------------|---|
| 1 | 5513.39 | Other woven fabrics |
| 2 | 5513.49 | Other woven fabrics |
| 3 | 5514.11 | Woven fabrics of synthetic staple fibers, containing less than 85% by weight of such fibers, mixed mainly or solely with cotton, of a weight exceeding 170 g/m ² .Of polyester staple fibers, plain weave |
| 4 | 5514.12 | 3thread or 4thread twill, including cross twill, of polyester staple fibers |
| 5 | 5514.13 | Other woven fabrics of polyester staple fibers |
| 6 | 5514.19 | Other woven fabrics |
| 7 | 5514.21 | Made from 65% to 80% polyester staple fiber and 35% to 20%cotton |
| 8 | 5514.22 | 3thread or 4thread twill, including cross twill, of polyester staple fibers: |
| 9 | 5514.23 | Other woven fabrics of polyester staple fibers: |
| 10 | 5514.29 | Other woven fabrics. |
| 11 | 5514.31 | Of polyester staple fibers, plain weave: |
| 12 | 5514.32 | 3thread or 4thread twill, including cross twill, of polyester staple fibers |
| 13 | 5514.33 | Other woven fabrics of polyester fibers |
| 14 | 5514.39 | Other woven fabrics |
| 15 | 5514.41 | Of polyester staple fibers, plain weave: |
| 16 | 5514.42 | 3thread or 4thread twill, including cross twill, of polyester staple fibers |
| 17 | 5514.43 | Other woven fabrics of polyester staple fibers |
| 18 | 5514.49 | Other woven fabrics |
| 19 | 0902.30 | Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg |
| 20 | 0902.10 | Green tea (not fermented) in immediate packings of a content not exceeding 3 kg |
| 21 | 0902.20 | Other green tea (not fermented) |
| 22 | 6103.41 | Trousers, bib and brace overalls, breeches and shorts: Of wool or fine animal hair |
| 23 | 6103.49 | Of other textile materials |
| 24 | 6105.10 | Men's or boys' shirts, knitted or crocheted. Of cotton: |
| 25 | 6105.20 | Of manmade fibers: |
| 26 | 556 6107.11 | Men's or boys' Underpants and briefs: Of cotton: |
| 27 | 6402.20 | Footwear with upper straps or thongs assembled to the sole by means of plugs |
| 28 | 6402.99 | Other footwear: |
| 29 | 6403.19 | Other: Sports footwear: with outer soles of rubber, plastics, leather or composition leather and uppers of leather. |
| 30 | 6403.20 | Footwear with outer soles of leather, and uppers which consist of leather straps across them instep and around the big toe |
| 31 | 6403.40 | Other footwear, incorporating a protective |
| 32 | 6901.00 | Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals (for example, kieselguhr, tripolite or diatomite) or of similar siliceous earths. |
| 33 | 6902.10 | Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths. Containing by weight, singly or together, more than 50% of the elements Mg, Ca or Cr, expressed as MgO, CaO or Cr ₂ O ₃ : |
| 34 | 6902.20 | Containing by weight more than 50% of alumina (Al ₂ O ₃), of silica (SiO ₂) or of a mixture or compound of these products: Other |
| 35 | 6908.10 | Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm |
| 36 | 6908.90 | Other: Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing. |
| 37 | 8714.11 | Parts and accessories of vehicles of headings Nos. 87.11 to 87.13.Of motorcycles (including mopeds):Saddles |
| 38 | 3004.90 | Dextrose and saline infusion solution, with infusion set |

Appendix IV: Bangladesh Exportable Products in the Negative List of India

| SL | H.S Code | Product Details |
|----|----------|--|
| 1 | 020712 | Meat and edible offal, of poultry not cut in pieces, frozen |
| 2 | 500720 | Other fabrics, containing 85 % or more by weight of silk or of silk waste other than noil silk |
| 3 | 500790 | Other fabrics |
| 4 | 610190 | Of other textile materials |
| 5 | 610210 | Of wool or fine animal hair |
| 6 | 610290 | Of other textile materials |
| 7 | 610339 | Of other textile materials |
| 8 | 610341 | Of wool or fine animal hair |
| 9 | 610342 | Of cotton |
| 10 | 610343 | Of synthetic fibers |
| 11 | 610349 | Of other textile materials |
| 12 | 640110 | Footwear incorporating a protective metal toe-cap |
| 13 | 640191 | Covering the knee |
| 14 | 640192 | Covering the ankle but not covering the knee |
| 15 | 640199 | Others |
| 16 | 640212 | Ski boots, cross country ski footwear and snowboard boots |
| 17 | 640219 | Others |
| 18 | 640230 | Other footwear, incorporating a protective metal toe-cap. |
| 19 | 690100 | Bricks/blocks/tiles |
| 20 | 090210 | Green Tea (not fermented) in minimum packing of a content not exceeding 3kgs. |
| 21 | 090220 | Other Green Tea (not fermented) |
| 22 | 090230 | Black Tea (fermented) and partly fermented in minimum packing of content not exceeding 3 kilograms. |
| 23 | 090240 | Other Black Tea (fermented) and other partly fermented tea |
| 24 | 490110 | Printed books, pamphlets, booklets, leaflets and similar printed matter, brochures |
| 25 | 300390 | Ayurvedic medicines |
| 26 | 300410 | Containing penicillin or derivatives with a penicillinic acid structure or streptomycin or their derivatives |
| 27 | 300420 | Other antibiotics with penicillinic acid structure streptomycin or their derivatives in capsules injections etc. |

Appendix V: Bangladesh Exportable Products in the Negative List of Nepal

| SL | H.S Code | Product Details |
|----|--------------|--|
| | | Men's or boys' overcoats, carcoats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets and similar articles, knitted or crocheted, other than those of Heading |
| 1 | 6103.21.00 | Of wool or fine animal hair |
| 2 | 6101.20.00 | Of cotton |
| 3 | 6101.30.00 | Of man-made fibers |
| 4 | 6101.90.00 | Of other textile materials |
| | | Women's or girls' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, knitted or crocheted, other than those of Heading |
| 5 | 6102.10.00 | Of wool or fine animal hair |
| 6 | 6102.20.00 | Of cotton |
| 7 | 6102.30.00 | Of man-made fibers |
| 8 | 6102.90.00 | Of other textile materials |
| | | Jackets & Blazers |
| 9 | 6103.31.00 | Of wool or fine animal hair |
| 10 | 6103.32.00 | --Of cotton |
| 11 | 6103.33.00 | --Of synthetic fibers |
| 12 | 6103.39.00 | --Of other textile materials |
| | | -Trousers, bib and brace overalls, breeches and shorts: |
| 13 | 6103.41.00 | --Of wool or fine animal hair |
| 14 | 6103.42.00 | -- Of cotton |
| 15 | 6103.43.00 | --Of synthetic fibers |
| 16 | 6103.49.00 | --Of other textile materials |
| | | Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted. |
| 17 | 6103.11.00 | Of wool or fine animal hair |
| 18 | 6103.12.00 | --Of synthetic fibers |
| 19 | 6103.19.00 | Of other textile materials |
| 20 | 6103.22.00 | -- Of cotton |
| 21 | 6103.23.00 | --Of synthetic fibers |
| 22 | 6103.29.00 | --Of other textile materials -Jackets and blazers: |
| 23 | 6401.10.00 - | Footwear incorporating a protective metal toe-cap -Other footwear: |
| 24 | 6401.91.00 | --Covering the knee |
| 25 | 6401.92.00 | --Covering the ankle but not covering the knee |
| 26 | 6401.99.00 | --Other |
| | | Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures. |

(continues on next page)

**Appendix V: Bangladesh Exportable Products in the Negative List of Nepal
(concluded)**

| SL | H.S Code | Product Details |
|-----------|-----------------|---|
| 27 | 6910.10.00 | Of porcelain or china |
| 28 | 6910.90.00 | -Other |
| | | Tea, whether or not flavored. |
| 29 | 0902.10.00 | Green tea (not fermented) in immediate packings of a content not exceeding 3kg |
| 30 | 0902.20.00 | Other green tea (not fermented) |
| 31 | 902.30.00 | Black tea (fermented) and partly fermented tea, in immediate pickings of content not exceeding 3 kg. |
| 32 | 0902.40.00 | Other black tea (fermented) and other partly fermented tea |
| | | Trunks, suit-case, vanity-cases, executive-cases, brief-cases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle cases, jewelry boxes, powder- boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanized fiber or of paperboard, or wholly or mainly covered with such materials or with paper. |
| 33 | 4202.11.00 | With outer surface of leather, of composition leather or of patent leather |
| 34 | 4202.12.00 | With outer surface of plastics or of textile materials |
| | | Handbags, whether or not with shoulder strap, including those without handle: |
| 35 | 4202.21.00 | With outer surface of leather, of composition leather or of patent leather |
| 36 | 4202.22.00 | With outer surface of plastic sheeting or of textile material |
| 37 | 4202.29.00 | Other -Articles of a kind normally carried in the pocket or in the handbag: |
| 38 | 4202.31.00 | With outer surface of feather, of composition leather or of patent leather |
| 39 | 4202.32.00 | With outer surface of plastic sheeting or of textile materials |
| 40 | 4202.39.00 | Other -Other: |
| 41 | 4202.91.00 | With outer surface of leather, of composition leather or of patent leather |
| 42 | 4202.92.00 | With outer surface of plastic sheeting or of textile materials |
| 43 | 4202.99.00 | Other |
| 44 | 4910.00.00 | Calendars of any kind, printed, including calendar blocks. |
| 45 | 8714.11.00 | Saddles |
| 46 | 3003.10.00 | Containing penicillin or derivatives thereof, with a penicillanic acid structure, or streptomycin or their derivatives |
| 47 | 3003.20.00 | Containing other antibiotics |
| 48 | 3003.40.00 | Containing alkaloids or derivatives thereof but not containing hormones or other products of Heading 29.37 or antibiotics |
| 49 | 3003.90.00 | Other |

Appendix VI: Bangladesh Exportable Products in the Negative List of Bhutan

| SL | H.S Code | Product Details |
|---|-----------------|--|
| 1 | 5007.90.00 | <i>Other fabrics, Woven fabrics of silk or of silk waste</i> |
| 2 | 6203.39.00 | <i>Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (other than swim wear), Of other textile materials Trousers, bib and brace overalls, breeches and shorts</i> |
| 3 | 6203.49.00 | <i>Of other textile materials, Babies garments and clothing accessories</i> |
| 4 | 6209.90.00 | Of other textile materials |
| <i>Tea, whether or not flavored.</i> | | |
| 5 | 0902.10.00 | Green tea (not fermented) in immediate pickings of a content not exceeding 3kg |
| 6 | 0902.20.00 | Other green tea (not fermented) |

Appendix VII: Bangladesh Exportable Products in the Negative List of Sri Lanka

| SL | H.S Code | Product Details |
|----|------------|--|
| | | Meat of bovine animals, fresh or chilled. |
| 1 | 0201.10.00 | Carcasses and half-carcasses |
| 2 | 0201.20.00 | Other cuts with bone in |
| 3 | 0201.30.00 | Boneless |
| | | Meat of bovine animals, frozen. |
| 4 | 0202.10.00 | Carcasses and half-carcasses |
| 5 | 0202.20.00 | Other cuts with bone in |
| 6 | 0202.30.00 | Boneless |
| | | Meat of swine, fresh, chilled or frozen |
| 7 | 0203.11.00 | Carcasses and half-carcasses |
| 8 | 0203.12.00 | Hams, shoulders and cuts thereof, with bone in |
| 9 | 0203.19.00 | Other - <i>Frozen</i> : |
| 10 | 0203.21.00 | Carcasses and half-carcasses |
| 11 | 0203.22.00 | Hams, shoulders and cuts thereof, with bone in |
| 12 | 0203.29.00 | Other |
| 13 | 0602.20.00 | Edible fruit or nuts trees, shrubs and bushes, grafted or not |
| 14 | 0602.90.00 | Other |
| | | Tea, whether or not flavored. |
| 15 | 0902.10.00 | Green tea (not fermented) in immediate packing of a content not exceeding 3kg |
| 16 | 0902.20.00 | Other green tea (not fermented) |
| 17 | 0902.30.00 | Black tea (fermented) and partly fermented tea, in immediate packing of a content not Exceeding 3 kg. |
| 18 | 0902.40.00 | Other black tea (fermented) and other partly fermented tea |
| 19 | 5609.00.00 | Articles of yarn strip or the like of Heading 54.04 or 54.05, twine, cordage, rope or cables, not elsewhere specified or included. 58.03 Gauze, other than narrow fabrics of Heading |
| 20 | 5803.10.00 | Of cotton |
| 21 | 5803.90.00 | Of other textile materials |
| | | Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of Heading |
| 22 | 5903.10.00 | With poly (vinyl chloride) |
| | | Waterproof footwear with outer soles and appears of rubber or of plastics, the uppers of which are neither fixed to the sole nor assembled by stitching, riveting, nailing, screwing, plugging or similar processes. |
| 23 | 6401.10.00 | Footwear incorporating a protective metal toe-cap, - <i>Other footwear</i> : |
| 24 | 6401.91.00 | Covering the knee |
| 25 | 6401.92.00 | Covering C1052 ankle but not Covering the knee |
| 26 | 6401.99.00 | Other |
| | | Other footwear with outer soles and uppers of rubber or plastics. - <i>Sports footwear</i> : |
| 27 | 6402.12.00 | Ski-boots, cross-country ski footwear and snowboard boots |
| 28 | 6402.19.00 | Other |
| 29 | 6402.20.00 | Footwear with upper straps or thongs assembled to the sole by means of plugs |
| 30 | 6402.30.00 | Other footwear, incorporating a protective metal toe-cap - <i>Other footwear</i> |

(continues on next page)

Appendix VII: Bangladesh Exportable Products in the Negative List of Sri Lanka (concluded)

| SL | H.S Code | Product Details |
|----|--------------|--|
| 31 | 6402.91.00 | Covering |
| | | Ceramic building bricks, flooring blocks, support or filler tiles and the like. |
| 32 | 6912.00.00 | Ceramic tableware, kitchenware, other household articles and toilet articles, other than of porcelain or china. |
| 33 | 6904.10.00 | Building bricks |
| 34 | 6904.90.00 | Other |
| | | Roofing tiles, chimney-pots, cowls, chimney liners, architectural ornaments and other ceramic constructional goods. |
| 35 | 6905.10.00 | Roofing tiles |
| 36 | 6905.90.00 | Other |
| | | Unglazed ceramic flags and paving, hearth or wall tiles; unglazed ceramic mosaic cubes and the like, whether or not on a backing. |
| 37 | 6907.10.00 | Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm. |
| 38 | 6907.90.00 | Other |
| | | Glazed ceramic flags and paving, hearth or wall tiles; glazed ceramic mosaic cubes and the like, whether or not on a backing. |
| 39 | 6908.10.00 - | Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm. |
| 40 | 6908.90.00 | Other |
| | | Ceramic sinks, wash basins, wash basin pedestals, baths, bidets, water closet pans, flushing cisterns, urinals and similar sanitary fixtures. |
| 41 | 6910.10.00 | Of porcelain or china |
| 42 | 6910.90.00 | Other |
| | | Tableware, kitchenware, other household articles and toilet articles, of porcelain or china. |
| 43 | 6911.10.00 | Tableware and kitchenware |
| 44 | 6911.90.00 | Other |
| 45 | 5601.10.00 - | Sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles, of wadding |
| 46 | 5803.10.00 | Of cotton |
| 47 | 5803.90.00 | Of other textile materials |
| | | <i>Trunks, suit-cases, vanity-cases, executive-cases, briefcases, school satchels and similar containers:</i> |
| 48 | 4202.11.00 | With outer surface of leather, of composition leather or of patent leather |
| 49 | 4202.12.00 | With outer surface of plastics or of textile materials |
| 50 | 4202.19.00 | Other |
| 51 | 4910.00.00 | Calendars of any kind, printed, including calendar blocks. |
| 52 | 8714.99.00 | Of Bicycle and Rickshaws |
| 53 | 8902.00.00 | Fishing vessels; factory ships and other vessels for processing or preserving fishery products. |

Appendix VIII: Bangladesh Exportable Products in the Negative List of the Maldives

| SL | H.S Code | Product Details |
|-----------|-----------------|---|
| 1 | 5804.29 | Of other textile materials |
| 2 | 5807.10 | Woven |
| 3 | 5807.90 | Other |
| 4 | 6305.10 | Of jute or of other textile bast fibers of heading 53.03 |
| 5 | 6208.91 | Of cotton |
| 6 | 6210.40 | Other men's or boys' garments |
| 7 | 6908.10 - | Tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm |
| 8 | 6908.90 | Other |
| 9 | 0902.30 | Black tea (fermented) and partly fermented tea, in immediate packings of a content not exceeding 3 kg |
| 10 | 090240 - | Other black tea (fermented) and other partly fermented tea |
| 11 | 8901.90 | Other vessels for the transport of goods and other vessels for the transport of both persons and goods |
| 12 | 8902.00 | Fishing vessels; factory ships and other vessels for processing or preserving fishery products. |