

# South Asian nations agree to reduce negative list

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South Asian countries today agreed to fully implement the second phase (Phase II) of reduction of negative list by August to give free access to their domestic markets for the products of regional member countries.

Six countries — among the eight in the South Asian Association for Regional Cooperation (SAARC) — have already exchanged the revised negative list and five, among them, have started implementing it as well, according to joint secretary at the Ministry of Commerce and Supplies Naindra Prasad Upadhyaya, who led the Nepali team in the Working Group meeting in Kathmandu yesterday and today.

Sri Lanka has promised to provide the revised list by August 20 and so has India for non-Least Developed Countries (LDCs). India has already opened its market to LDCs in the region, except for 25 goods that are mostly tobacco and al-

coholic products.

The countries today discussed the implementation status of the second phase of the revised negative list that is a restrictive list and third phase (Phase III) of negotiations for the reduction of negative list, he said, adding that they have discussed on the time frame and modality for the third phase.

Earlier, SAARC leaders, SAFTA Ministerial Council and Meetings of SAARC Finance Ministers had urged for further reduction of products covered in the sensitive lists under SAFTA, especially elimination of those products which are actively traded or have the potential of being traded under SAFTA.

Accordingly, the seventh meeting of the SAFTA Committee of Experts in Islamabad on February 14-15 had discussed and agreed that there was a need for further reduction in the sensitive lists of member states for enhancing trade under SAFTA to encourage exports from LDCs in the

## SAFTA completes task

KATHMANDU: The Working Group on Reduction in the Sensitive Lists under SAFTA has completed its task of reducing the Sensitive Lists by 20 per cent. Maldives has reduced its sensitive list from 681 tariff lines to 152 tariff lines (78 per cent reduction) and India has reduced its sensitive list for LDCs from earlier 480 tariff lines to only 25 tariff lines (95 per cent re-

duction). Number of products covered in the sensitive lists before and after 20 per cent or more reduction is as follows: Nepal-998 (LDCs); 1,036 (Non-LDCs), India-25 (LDCs); 695 (Non-LDCs), Bangladesh-987 (LDCs); 993 (Non-LDCs), Bhutan-150, Sri Lanka-845 (LDCs); 906 (Non-LDCs), Pakistan-936, Maldives-152, Afghanistan-850. — SAARC Secretariat

region. The meeting had also decided to form an ad-hoc Working Group on Reduction in the Sensitive List under SAFTA for third phase. "The member countries suggested various modalities today."

Some countries suggested progressive liberation and others phase-wise for the complete opening of their markets to increase intra-regional trade. Similarly, some countries suggested about reducing the negative list on a percent-

age basis, whereas others suggested on number basis.

Some countries even suggested about reducing the negative list under SAFTA on the basis of bilateral tariff concession. "The modalities and time frame will be finalised in the next meeting in September," Upadhyaya added.

However, the SAFTA negotiation seems to be among the three nations — India, Pakistan and Bangladesh — in the South Asian region," according

to trade expert Dr Ratnakar Adhikari. One of the most impoverished regions in the world that houses some 1.5 billion people, South Asia is the least integrated region in the world due to poor logistics and trade barriers, despite its huge potential.

The countries after entering into the South Asian Free Trade Association (SAFTA) has been working on to open up their markets to boost intra-regional trade but it has been taking long. But recently, they have geared up their efforts to open up their markets to regional member countries, also due to the global economic crisis that has pulled global trade down.

South Asian intra regional trade stands at a very minimal volume due to various infrastructural, tariff and non-tariff barriers, whereas the value of world merchandise trade was five per cent higher in the first quarter of 2012 as compared to the same period of 2011, according to World Trade Organisation (WTO) figures.