

Trade Facilitation Issues in South Asia: Key Highlights

Anushka Wijesinha

Institute of Policy Studies, Sri Lanka

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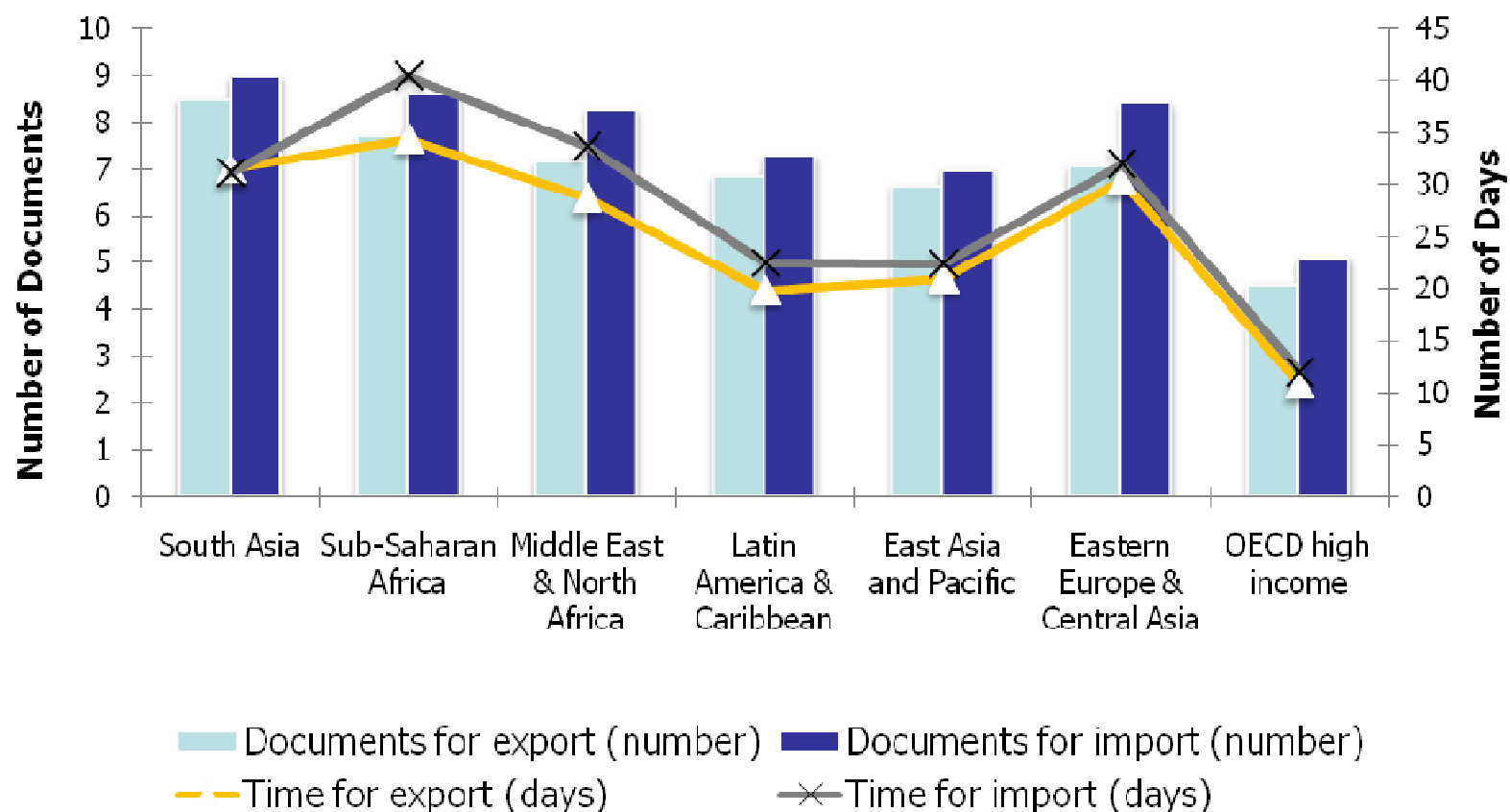
Case for Improving TF in South Asia is Strong

- World Bank (2008) : **intra-regional trade within South Asia would rise by 60%** and trade with the rest of the world by over **30%** if projected levels of trade facilitation efficiency were attained
- De *et al.* (2008): **if transaction costs could be reduced by 10% that it can increase a country's exports by 3%**
- Hertel & Mirza (2009): investigates the role of TF in achieving greater regional integration in SA. **TF reforms will increase intra-regional trade by US\$ 5.8 billion or 75%**



South Asia performs weakly *vis* other regions...

Trading Across Borders: At a Glance



Documents Required: South Asia vs. OECD

South Asia

Export: **8.5**
documents

Import: **9**
documents

OECD

Export: **4.3**
documents

Import: **4.9**
documents

*World Bank 'Doing Business' Report –
“trading across borders” indicator*



Time Taken: South Asia vs. OECD

South Asia

Export:

32.4 days

Import:

32.2 days

OECD

Export:

10.5 days

Import:

4.9 days

*World Bank 'Doing Business' Report –
“trading across borders” indicator*



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South Asia has made some improvements...

20% ↓

In the 2006-2009 period, the region reduced **time necessary to complete export procedures** by 20%

30% ↓

In the 2006-2009 period, the region reduced **time required to complete import procedures** by 30%

ADB (2009), 'Designing and Implementing Trade Facilitation in Asia and Pacific'



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Performance of TF in S. Asia: Results from a Survey

- Carried out in 5 countries: India, Pakistan, Sri Lanka, Bangladesh & Nepal
- Consultants from within the region conducted surveys, at least 15 interviews to be carried out with exporters/importers covering the identified products
- Surveys conducted based on a common questionnaire prepared by the IPS
- UN Comtrade Data for 2007: identified top 20 exports & imports to SA by each country, adjusted to include at least 1 export & import from each of the 5 countries



Survey Results – Documentation

- Export: on average – 11 common documents
- Import: on average – 10 common documents
- But various other country and specific documents required
 - Export: 20+ other documents
 - Import: 17+ other documents
- Agencies to visit to acquire, prepare and submit documents: 4- 7 agencies
 - But several other country and product-specific agencies



Survey Results: Time Taken to Export

Time Taken to Acquire Documents to Export

Country	Time Range	
	Minimum	Maximum
Bangladesh	1 day	15 days
India	1 day	2 days
Nepal	7 days	60 days
Pakistan	1 hour	30 days
Sri Lanka	2 days	5 days

Survey Results: Time Taken to Export

Time Taken to Prepare Documents to Export

Country	Time Range	
	Minimum	Maximum
Bangladesh	1 day	48 days
India	1 day	21 days
Nepal	2 hours	15 days
Pakistan	2 hours	3 days
Sri Lanka	10 minutes	1.5 days

Survey Results: Time Taken to Export

Time Taken to Submit Documents to Export

Country	Time Range	
	Minimum	Maximum
Bangladesh	1 day	2 days
India	1 day	1 day
Nepal	2 days	14 days
Pakistan	2 hours	2 days
Sri Lanka	1 day	2.5 days

Survey Results: Costs of Documentation

Cost of Acquiring Documents to Export

Country	Average Cost
Bangladesh	\$23.50
India	\$ 299.90
Nepal	\$ 100.80
Sri Lanka	\$ 40.00



Survey Results: Costs of Documentation

Cost of Preparing Documents to Export

Country	Average Cost
Nepal	\$ 11.00
Sri Lanka	\$ 10.00



Survey Results: Costs of Documentation

Cost of Submitting Documents to Export

Country	Average Cost
Bangladesh	\$ 53.70
Sri Lanka	\$ 3.00



TF in S. Asia: Some Key Issues

- Delays in Acquiring Necessary Documents
 - Many respondents mentioned the need to fully automate trading processes
 - Currently, *partial automation* – electronic lodging of CUSDECS electronically followed by manual submission of copies!
- SL-India trade – *goods arrive prior to documents*
 - COO issues by DoC in Sri Lanka only after shipment has been made. But shipment arrives in India in less than 24 hours — **causes severe delays, goods cannot be cleared, added costs** like demurrage need to be paid
 - *Sometimes nullifies the benefits of the ISFTA!*
- Demand for Additional Certification and Checks
 - *Non-harmonization for standards cause delays, added costs*
- Ambiguity of trade procedures – leaves room for rent-seeking
- Testing facilities not available near key ports (e.g. Chennai - Mysore, Mumbai - Pune) – *highly perishable goods suffer most*



TF in S. Asia: Taking the Agenda Forward

- Strong regional push, bolstered by national commitment
 - Learning lessons from APEC, ASEAN, GMS
- Setting up a SAARC **Regional Trade Facilitation Committee** (SAARC-TFC)
 - Consisting of high-ranking govt. officers, each should be head of member of national TFC
 - But for this need strong national TFCs
- **Assess current status** of TF in S. Asia → develop set **TF targets** → develop a **implementation framework** → **scheduled agenda** of action → **M&E mechanism**
- Many SAARC agenda items have not succeeded in this - *TF can be the trailblazer?*



Thank You

Email: anushka@ips.lk

Web: www.ips.lk

Blog 'Talking Economics': www.ipslk.blogspot.com

