

Regional trade and economic cooperation in South Asia

South Asian Association for Regional Cooperation (Saarc) and adopted South Asian Preferential Trading Arrangement (Sapta) and South Asian Free Trade Agreement (Safta). Safta came into effect on January 1, 2006, but South Asia is miles from the cherished goal of free trade.

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GLOBALISATION has made international trade very competitive. The World Trade Organization (WTO) member countries are facing various barriers to trade promotion. Due to the time-consuming process of removing the barriers, many countries are now thinking of alternatives like regional and bilateral free trade agreements for duty-free market access for many of their products.

The European Union (EU), considered a model of regional integration, has emerged as an economic power. It acts as a unit in various international bodies like the UN and the WTO.

Keeping this in mind, South Asian leaders formed South Asian Association for Regional Cooperation (Saarc) and adopted South Asian Preferential Trading Arrangement (Sapta) and South Asian Free Trade Agreement (Safta). Safta came into effect on January 1, 2006, but South Asia is miles from the cherished goal of free trade.

Bangladesh needs to assess whether or not Safta will increase trade. It should study the barriers its businessmen are facing in doing business with the other Saarc countries to pinpoint the measures to make Safta more effective.

The study should concentrate on analysing the possible impact Safta could have on Bangladesh's trade with the other

Saarc countries. It should identify Bangladesh's major exportable products in the negative or sensitive list of the Saarc countries, so that it can take up the issue in the next trade negotiations under Safta.

Bangladesh should identify major barriers to intra-Saarc trade. It should take up the issue of making Safta an effective regional trade arrangement by removing the problems.

Bangladesh's trade with Saarc countries: See Figure 1.

Bangladesh's trade with Saarc countries is rising slowly, but trade under Safta has not risen as it should have. However, trade with rest of the world has risen sharply. This means that Safta has brought no significant benefit for Bangladesh trade.

Bangladesh exports to, and imports from Saarc countries: See Figure 2.

While Bangladesh's imports from Saarc countries increased significantly after Safta was activated, its exports have not increased accordingly.

Comparison between Bangladesh's export to Saarc countries and the world, before and after Safta was activated: See Figure 3.

Under the Safta arrangement, every member-country retains the right to protect its industry by imposing restrictions on imports. The list of restricted products is known as the sensitive list of negative items. The big negative list under Safta calls for careful study and review.

The following are the major exportable

(In \$ million)			
Year	Saarc Countries	World	Percentage
1997/98	1160.77	12696	9.14 %
1998/99	1444.80	13342	10.82 %
1999/2000	1040.40	14155	7.35 %
2000/2001	1402.46	15830	8.85 %
2001/2002	1183.29	14526	8.14 %
2002/2003	1563.41	16206	9.64 %
2003/2004	1885.76	18457	10.21 %
2004/2005	2398.87	21832	10.98 %
2005/2006	2342.41	25272	9.26 %
2006/2007	2855.04	29123	9.80 %
2007/2008	4155.71	35735	11.62 %

Figure:1

products of Bangladesh in the negative list of the other Saarc countries under the Safta regime:

- Woven Garments HS Code 5208.11.00 5911.40.00
- Knitwear HS Code 6101.20.00 6310.90.00
- Lather Goods & Footwear HS Code 4107.11.00 6406.99.00
- Ceramic Products HS Code 6901.00.00 6914.90.00
- Jute & Jute Goods HS Code 5601.10.10 5705.00.90
- Tea HS Code 0902.10.00 0902.40.00
- Handicrafts HS Code 4202.11.00
- Calendars HS Code 4910.00.00
- Bicycles HS Code 8714.11.00 8714.99.00
- Pharmaceuticals Products HS Code 3001.20.00 3006.92.00
- Meat HS Code 0201.10.10 0210.99.20
- Vegetables HS Code 0601.10.00 0801.11.00
- Ships (Finished Vessels) HS Code 8901.10.10 8908.00.90

Afghanistan listed 18 major exportable products of Bangladesh in its negative list under the Safta regime. They include RMG, ceramics and handicrafts etc.

The negative list of Pakistan contains 39 major exportable products of

Bangladesh. They include RMG, green tea, light engineering products, bicycles etc.

The negative list of India contains 27 major exportable products of Bangladesh. They include RMG, textile materials, footwear, meat, sports item, ceramics and tiles etc.

The negative list of Nepal contains 49 major exportable products of Bangladesh. They include RMG, textile, tea, ceramic and tiles etc.

The negative list of Bhutan contains six major exportable products of Bangladesh. They include RMG, textile, and green tea.

The negative list of Sri Lanka contains 53 major exportable products of Bangladesh. They include meat, tea, textile, ceramics and RMG.

The negative list of the Maldives contains 12 major exportable products of Bangladesh. They include fishing vessels, RMG, tea and jute products.

The other Saarc countries use very high rates of tariff structure as tariff barriers to obstruct imports.

There are also non-tariff barriers to trade in the Saarc region. These include:

- Lack of trust;
- Lack of land connectivity;

(In \$ million)		
Fiscal Year	Import From Saarc Countries	Export to Saarc Countries
1997/98	1036.58	124.19
1998/99	1340.27	104.53
1999/2000	937.48	102.92
2000/2001	1299.04	103.42
2001/2002	1092.73	90.56
2002/2003	1439.17	124.24
2003/2004	1734.71	151.05
2004/2005	2171.58	227.29
2005/2006	2026.12	316.29
2006/2007	2486.47	368.57
2007/2008	3696.39	459.32

Figure:2

(In \$ million)			
Fiscal Year	Export to Saarc Countries	Export to World Market	Percentage of Export
1997/98	124.19	5172	2.40 %
1998/99	104.53	5324	1.96 %
1999/2000	102.92	5752	1.78 %
2000/2001	103.42	6467	1.59 %
2001/2002	90.56	5986	1.51 %
2002/2003	124.24	6548	1.89 %
2003/2004	151.05	7603	1.98 %
2004/2005	227.29	8655	2.62 %
2005/2006	316.29	10526	3.00 %
2006/2007	368.57	12177	3.02 %
2007/2008	459.32	14110	3.25 %

Figure:3

- Transit Crisis;
- Lack of inter-border transportation entrance;
- Complicated visa system;
- Political conflict;
- Lack of ICT support and
- Large negative list.

However, Safta can be more effective if the agreements thereof are properly implemented, tariffs are reduced for intra-Saarc trade, non-tariff barriers are removed, the negative lists are shortened

and the private sector representatives are involved in the negotiations.

A Saarc task force does need to identify the problems for taking remedial actions. If a coordinated common economic approach is taken and a regional fund is created to promote poverty reduction, economic cooperation among the member-countries of the Saarc can be strengthened.

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The old argument goes on

The argument is between the religious Right and the modernistic elements. The PPP government, with some difficulty, can be said to belong to the latter group. The issue in contention is whether the Pakistan army should go ahead and start operations in South Waziristan.

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THE argument is between the religious Right and the modernistic elements. The PPP government, with some difficulty, can be said to belong to the latter group. The issue in contention is whether the Pakistan army should go ahead and start operations in South Waziristan. The Americans have now started to talk about winning the hearts and minds of the people of Pakistan. They have put together a fairly big aid program for Pakistan, which has passed through the Congress and only awaits the signature of the president. The recipient country is convulsed over this bill that has all but been passed. The conditions laid down in the bill are onerous indeed. Their aim is clear. Let the money not be touched by the hands of the Islamabad government, instead let it be distributed directly to the people if possible. The Americans seem to think that they can find enough NGOs, which will do much better work, through which they can distribute the funds rather than through government channels.

The religious Right has taken it to the media and the streets; protests are being staged by Jamaat-e-Islami mainly, but most others of the same thinking support the Jamaat's campaign against the Kerry-Lugar Bill that will give \$1.5 billion a year in purely economic aid to Pakistan, which they want to be spent directly on the welfare of the people -- and the relationship is to be between the Americans and NGOs. The Jamaat is telling the people

that it is a vote of no-confidence in the Pakistan government, and that these conditions thus become unacceptably humiliating.

But the Americans, too, do not spare the government and imply that there is far too much of aid funds that end up in private accounts in western banks. They are also pressuring the Pakistani government to keep on fighting the way they did in Swat and Malakand. The fact is that the Pakistan army is readying itself for the job in South Waziristan, the hotbed of militancy. The Americans are optimistic because they claim to have taken out many leaders of Pakistani Taliban -- Baitullah Mehsud and Hakimullah

Mehsud -- through drone attacks. This is largely true. But the fact is that the consequences of the action in Swat are still there. About one million internally displaced persons from Swat and Malakand remain to be rehabilitated in their own houses.

There is no doubt that if the Pakistan army mounts a really fierce operation, as is being carried out, in Waziristan there will be many more displaced people. The Pakistan government and its bureaucratic resources were stretched thin in coping with the consequences of the internally displaced persons being put in camps where they had nothing to eat or any medical help. Many more

people will be added. Who, and how, can they tackle that great humanitarian problem? This is a part of the debate by implication.

But the reasons behind the anti-Taliban feeling are fairly strong. The Taliban and other militants who are on the offensive are extending their areas of influence, where they are trying to run a parallel state. They tax people, they meet out rough-and-ready justice in the name of Islamic Shariah and are generally cruel, and do not respect human freedoms one little bit. Their aim is to form an Emirate of the kind that Mullah Muhammad Umar had set up in 1996 in Kabul. That will be at the cost of Pakistan's integrity.

The stakes are high in this struggle in Pakistan. On one side, the unity and integrity of the state are at stake, from those who would destroy all modern structures. The government is weak because of its own inadequacies. It is failing to deliver goods and services to the people at reasonable prices, and is unable to maintain law and order in many respects. The more it has moved the more it has stayed where it was. That is a perennial crisis in this land where the religious Right has been on the offensive and the modernists have been on the defensive.

Insofar as the coming operations are concerned, they are sure to be fierce. Mehsud fighters are known for their ferocity. But their ferocity is, in fact, overtaken by the quality of the Uzbeks, al-Qaeda and other groups. The Uzbeks and others cannot escape to any other country. They have to fight in order to survive. So they will fight to the last. But

it is Pakistani territory, and Pakistan has inherited the tradition of such expeditions in which collateral damage is horrendous. But the stakes are so high that the battle has to be joined.

The arguments about the American fickleness may be right in theory. But Pakistan has for 62 long years kept the begging bowl up in front of it. It has taken aid of all kinds and on all kinds of terms. It is the beggar, therefore it cannot be a chooser. The chances are that if they reject the Kerry-Lugar bill, Pakistan economy will stay where it is. If the government gets hold of these funds corruption will increase immediately. The Americans want them to be spent on the ground, therefore NGOs will be a brand new experiment. Humiliating or not, it is caused by the belief that Pakistan is one of the most corrupt countries. Shouldn't we do something about this?

For Pakistan, everything depends on the success in this war against religious obscurantism. A victory of the latter can mean the end of a Pakistan that has possibilities of growing into a modern democracy where human freedoms and people's welfare can be promoted. A victory of the religious Right will mean a great defeat for human freedoms and people's prosperity. Governments in Pakistan have belonged to the Right -- including military dictatorships -- and have encouraged the religious Right. The latter has grown into a demon and is threatening the very chance of establishing freedom and economic development.

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Taking over?

THE rude to speak ill of the dead, people keep telling me. Well I must be a rude person, because I have several times said that I don't think Hitler was a very nice man at all. I am also going to be rude about someone who died more recently. The newspapers in the West are full of tributes to a man named William Safire who wrote columns on language for the New York Times for years.

Now discussing language using language is intrinsically funny, as the con-

tributors and commenters on the site regularly demonstrate.

And a quick search shows that Safire wrote an amusing column of rules for writers, in which each rule demonstrated the problem it identified. Here are five gems from that list.

- Verbs has