

## -Promises made, promises broken- Barriers to northern markets hamper efforts of Southern countries to gain access

**By David Boyer**

The World Trade Organization's drive towards free trade will not happen until there is the removal of all barriers that hinder economic exchanges between countries. A major concern for developing countries has been gaining access to markets for their exports in the North. Although governments such as Canada, the United States and the EU, have agreed to work towards removing any barriers to entry, such promises have not resulted in any significant market access gains for much of the South.

The barriers to trade, along with the lack of compliance in South Asian export sectors, have led to a loss of market share in the North. These issues are being studied through the research efforts of the Trade Knowledge Network (TKN) South Asia. Research organizations/universities in Pakistan, India, Bangladesh and Nepal have conducted research on the issue of market access for South Asian countries highlighting the existing barriers in Northern markets as well as lack of compliance in South Asian export sectors, both of which lead to loss of market share in the North.

Two key issues have been highlighted in the course of the TKN South Asia research. First, non-tariff measures remain the principal obstacle for South Asian exporters accessing Northern markets. Nepalese agricultural exporters continue to face non-tariff barriers, most of which are not based on internationally agreed upon criteria. Small and medium sized enterprises (SMEs) in Bangladesh also face

substantial non-tariff barriers in the EU market, the country's principal export destination. Non-tariff measures commonly applied include standards, certification requirements and technical regulations. In addition, Bangladeshi SMEs also encounter problems with regard to government intervention in trade regimes and restrictive practices such as state aid, countervailing and anti-dumping duties, and import charges.

A study on the Indian marine seafood export sector adds a new dimension to the concern

over Northern standards by distinguishing between product versus process regulations. While the process regulations have effectively become protectionist measures due to the North's zero tolerance and excessively precautionary attitude, interestingly, findings suggest that product regulations have actually helped enhance efficiency and sustainability of Indian marine seafood exports.

Although the issue of market access is largely seen in a North-South context, South Asia's least developed countries have also experienced difficulty in accessing other Southern markets. However, while barriers to entry into Northern markets are non-tariff in nature, the major obstacle in South Asian markets is tariff barriers. Nepalese agricultural exports have

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to cope with high tariff barriers in neighbouring South Asian countries. South Asian countries (except China) maintain high tariff peaks, with the right to raise tariffs to the bound level (as high as 200 per cent) under certain circumstances, which effectively act as quota restrictions and virtually eliminate any possibility of exports from countries such as Nepal. The Nepalese case highlights the importance of regional trading arrangements such as the South Asian Free Trade Agreement (SAFTA).

The second key issue emphasized in the research under TKN South Asia is the domestic angle of the market access equation. The research highlights the often-neglected shortcomings in export sectors within South Asian countries that result in limited market access. A study on coastal fisheries in Pakistan takes Northern voluntary and mandatory standards as a reality that Southern exports either cope with or risk losing markets. While Pakistan's marine fisheries sector is found to be in compliance at the in-plant processing stage, there are frequent lapses in food safety interventions at the pre-processing stage. The latter consists of measures on board the fishing vessels, at the fishing docks, and in-transit to the processing plants. At the bottom of the supply chain, fish harvesting presents an even more complex interplay of economic, social, ecological and policy dynamics that has led to stock reduction both due to over-fishing and habitat destruction. The marine seafood study in India also points to problems of poor handling and hygiene at the pre-processing stage.

Lack of compliance with standards at the pre-processing stage has acted as an access barrier for Pakistan's fish exports, which are frequently subjected to bans from Northern markets. Moreover, lack of compliance also leads to adverse sustainable development impacts. For example, in Pakistan, the government's desire to commercialize the fish export sector has led to unsustainable harvesting, and as a spin-off has adversely impacted the coastal fishing communities that associate their livelihoods with fishing. That said, complying with Northern standards requires substantial resources and expertise. Currently, South Asian countries lack the ability to implement a number of WTO commitments that would enable them to exploit Northern markets more efficiently. Resources and capacity building are both significant challenges facing South Asia in this regard, which must be addressed if South

Asian exports are to find their way into Northern markets with greater ease.

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