Emerging Issues in Trade with South Asia (with special reference to India)
Current State of Non-Tariff Barriers
<table>
<thead>
<tr>
<th>Customs Valuation</th>
<th>Rejection of transaction value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Re-classification</td>
</tr>
<tr>
<td></td>
<td>Delays, non-transparency</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BIS Standards</th>
<th>Currently, BIS has 18,592 standards for various product categories, only 84% are equivalent to International Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No data available on how many are actually enforced</td>
</tr>
<tr>
<td></td>
<td>Usually, ISO standards are sufficient but in case of imports from Pakistan, discretionary powers are used</td>
</tr>
</tbody>
</table>
## General Non-tariff Barriers

<table>
<thead>
<tr>
<th><strong>Import Licensing in Pakistan</strong></th>
<th><strong>Financial Measures</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tightly regulated</td>
<td>Indian banks do not honor L/Cs opened by Pakistani banks beyond $10,000. Thus, shipments released in parts</td>
</tr>
<tr>
<td>Easily available for export-oriented industries (example of leather)</td>
<td>Indian banks usually request for an extension in maturity date of L/C up to 60 days</td>
</tr>
<tr>
<td>Not easily available for value-added products</td>
<td>Absence of direct courier service</td>
</tr>
</tbody>
</table>
Informal Trade between India and Pakistan
Informal Trade Routes (SDPI study, 2014)

**Major routes**
- India → Dubai → Iran (Bander Abbas) → Afghanistan (Kandhar) → Chaman → Karachi
- India → Dubai → Iran (Bander Abbas) → Afghanistan (Kabul) → Torkhum/Bara → Lahore and Rawalpindi
- India → Karachi → Afghanistan → Peshawar (Afghan Transit Trade)

**Minor Routes**
- Kashmir-Chakoti border
- Regions adjoining Bahawalpur

**Work in Progress**
- Qusai Formal trade (Singapore and Dubai)
<table>
<thead>
<tr>
<th>Products</th>
<th>Volume of Informal Trade (USD Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fruits and Vegetables</td>
<td>5.4</td>
</tr>
<tr>
<td>Textile and Clothing Sector</td>
<td>1356.4</td>
</tr>
<tr>
<td>Auto Parts and Light Engineering</td>
<td>175.7</td>
</tr>
<tr>
<td>Jewelry and Related Products</td>
<td>87.98</td>
</tr>
<tr>
<td>Cosmetic Products</td>
<td>48</td>
</tr>
<tr>
<td>Medicinal Products</td>
<td>59.4</td>
</tr>
<tr>
<td>Tobacco Items</td>
<td>44.4</td>
</tr>
<tr>
<td>Herbal Products</td>
<td>1.52</td>
</tr>
<tr>
<td>Spices and Herbs</td>
<td>9.6</td>
</tr>
<tr>
<td>Others</td>
<td>0.5</td>
</tr>
<tr>
<td>Total</td>
<td>1788.89</td>
</tr>
</tbody>
</table>
Trade Consignment Mapping from Islamabad to New Delhi
Methodology

- Rapid survey assessment: 30 enterprises in Pakistan and 30 enterprises in India
- The survey captures the responses from business community, custom officials, freight forwarders, transport associations, trade unions, chamber of commerce, and representatives of other relevant government departments.
- Cities: Lahore, Faisalabad, Gujranwala, Islamabad/Rawalpindi
Some Facts and Figures from Wagah-Atari Border

- **Major items Imported through Wagah-Atari**: Soya Bean, Raw Cotton, Onions, Other fresh vegetables, Buffalo Meat boneless, CO2 and Plastic.
- **Imports Value through Wagah-Atari (July, 2013 – Feb, 2014)**: PKR 44,600 million
- **Exports Value through Wagah-Atari (July, 2013 – Feb, 2014)**: PKR 9,782 million
- **Number of Trucks coming from India (July, 2013 – Feb, 2014)**: 31,314
- **Number of Trucks gone to India (July, 2013 – Feb, 2014)**: 22,650
Documents Required

Exports
- Form E (financial transactions attested by bank)
- Goods Declaration Form
- Certificate of Origin (COO)
- Commercial Invoice
- Packing List
- Undertaking by the exporter and in some cases narcotics certificate
- PCSIR certificate
- SAFTA Certificate

Imports
- Form E
- Goods Declaration Form
- Certificate of Origin (COO)
- Commercial Invoice
- Imports Manifest (truck builty)
- Quality Certificate
- Import Permit
- Packing List
- Undertaking by the importer
- Heath certificate
- SAFTA Certificate.
Non-Tariff Barriers to Trade through Wagah-Atari Border

Dishonouring of Letter of Credit

• Increased cost of payments
• There is serious trust deficit in Pakistani exporters (Agents).
• Applications for opening banks across borders is lying with both the central banks, they must allow these branches to open immediately in order to facilitate trade between both the countries.
Non-Tariff Barriers to Trade through Wagah-Atari Border

- Regulations and Procedures at Wagah-Atari Border
  - Border Timings
  - NLC Scanners on Pakistan side
  - Priority given to perishable items
  - Additional Certificate Requirements by India (this adds to 20% of the cost of the goods).

- Physical Inspection of 100% Goods.

- 7-8 Documents are required for Exports and Imports.
Non-Tariff Barriers to Trade through Wahgah-Atari Border

- Tickets given to Trucks (it averages PKR 800 for each truck to reach from Islamabad to Wahgah Border)
- 5-10 times charges are made for weighing stations (costs to PKR 4000-6000)
- No Warehousing Facilities at Wahgah Border.
- 137 items are allowed to enter Pakistan.
Policy Recommendations for Enhancing Trade through Wahgah-Atari Border

• NDMA status and remove the positive list of items tradable through the land route.

• The Atari Integrated Check Post has to reduce its dependence on labour and increase mechanisation (fork lifts and cranes).

• Both counties should bring in an agreement to accept cargo in containers. Containers once checked and sealed in the origin country should not be opened until it reaches the destination.

• There is a need for a comprehensive motor vehicle agreement between both countries. The agreement should also include passenger vehicles from both sides.
Policy Recommendations for Enhancing Trade through Wagah-Atari Border

- All departments at the border to enable online documentation. Modernisation of all departments at the border should be at the same level.
- All departments should coordinate to bring a single window system in the short to medium term.
- Smooth transit of goods from India to Afghanistan and vice versa should be allowed by Pakistan.
- Expediting opening up of bank branches in main cities of both countries.
Discussion Points

• Which sector-specific non-tariff barriers are hindering trade across South Asia?

• How has the business community reported these barriers to the relevant authorities?

• What have been the specific interventions by relevant trade authorities in addressing these barriers?