

Trade Performance and Integration Experience of **BIMSTEC:** A Review of Issues

Debashis Chakraborty



Centre for Studies in International Relations
and Development (CSIRD)
Kolkata

Trade Performance and Integration Experience of BIMSTEC: A Review of Issues

Debashis Chakraborty

CSIRD Discussion Paper #30

June 2007



Centre for Studies in International Relations and Development

P 534 Raja Basanta Roy Road, Kolkata 700029, India

Phone: +91-33-2463 7322

Fax: + 91-33-2463 7322

Email: membersecretary@csird.org.in;

csirdindia@yahoo.co.in

Websites: <http://www.csird.org.in>; <http://www.bntt.org>

CSIRD Discussion Papers are published to disseminate research findings and to attract comments. The feedback and comments may be directed to the author(s) directly. Views expressed by the author(s) are his / her personal, and in no way reflect the views of CSIRD. CSIRD Discussion Papers are available at www.csird.org.in

Contents

1. Introduction	1
2. Trade Profile of BIMSTEC	3
2.1. Merchandise Trade Balance of BIMSTEC	3
2.2. Growth trends and composition of merchandise trade	5
2.3. Service Trade Balance of BIMSTEC	10
2.4. Trends and Composition of Services Trade	10
2.5. Direction of Trade	16
2.6. BIMSTEC's Trade Performance in Global Context	19
3. BIMSTEC FTA and its Likely Impact on Regional Trade	21
3.1. The BIMSTEC Integration Experience and	21
Member Concerns	
3.2. The Liberalization Schedule	23
3.3. The Trade Potential in Merchandise	23
3.4. The Trade Performance and Potential in Services	29
3.5. Services trade liberalization in BIMSTEC	31
and lessons from reform experiences	
4. Barriers to Trade in Goods and Services	32
4.1. Barriers on Merchandise Trade	33
4.2. Barriers on Trade in Services	40
5. Future Collaborations at WTO Negotiations	40
6. Conclusion	44
Bibliography	47

Trade Performance and Integration Experience of BIMSTEC: A Review of Issues

Debashis Chakraborty*

Abstract: The BIMSTEC FTA, the link between South and Southeast Asia is currently being negotiated. One advantage of BIMSTEC over other regional blocs is that it covers trade in services and investment issues, thereby paving the way for much deeper integration of the members. Despite the fact that several BIMSTEC countries are already linked with each other through various preferential arrangements, the integration process has not been an easy exercise, especially with respect to determination of the rules of origin, safeguard list, sensitive list etc. Looking into the current trade dynamics of BIMSTEC countries, it is observed that there is considerable scope for enhanced intra-bloc trade once the FTA is in place, when the dynamic effects would set in. Moreover, apart from the trade in final products, trade in intermediate products is also likely to increase within BIMSTEC, resulting from possible production integration among the members. The trade growth is likely to be fuelled not only through tariff elimination; but removal of the non-tariff barriers and implementation of the trade facilitation measures would significantly contribute in the process as well. The members might also benefit from pursuing joint negotiating agenda at WTO, which the trade bloc may effectively lock-in. Nonetheless, the delay in implementation of the FTA in merchandise products is likely to affect the process of including service and investment under the coverage of the bloc, which underlines the need for an early conclusion of the negotiations.

1. Introduction

The negotiations on BIMSTEC FTA, the link between South and Southeast Asia, were initiated during late nineties. While Bangladesh, India, Myanmar, Sri Lanka, and Thailand became part of this grouping in 1997, Nepal and Bhutan joined it in February 2004. The first summit

* Assistant Professor, Indian Institute of Foreign Trade (IIFT), New Delhi. Email: debchakra@gmail.com Author is grateful to Tirthankar Mandal and Ritwik Chatterjee for their research assistance. The usual disclaimers apply.

of BIMSTEC was held in Bangkok in 2004. It was decided by the members that BIMSTEC would cover not only trade in goods but also trade in services, investment issues, and cooperation in certain sectors (technology, transportation and communication, energy, tourism, and fisheries), so that the members can enjoy the benefit of deeper collaboration.

The BIMSTEC countries include both developing countries and LDCs and therefore, they are characterized by higher tariff barriers on their imports, vis-à-vis their developed counterparts. It was expected that while on one hand the preferential treatment would allow the countries to gain enhanced access in each other's market; the 'enabling clause' provision would provide them the requisite safeguard to protect the sensitive domestic sectors on the other. Moreover apart from the tariff barriers, it was expected that the trade facilitation measures would significantly lower the level of transaction costs, which currently put a downward pressure on the intra-regional trade volume. For instance, the level of trade transaction cost in South Asia is considerably high, thereby affecting the regional trade volume (Taneja, 2007; De, 2007).

However, the integration exercise was not an easy one, given the heterogeneity of the members and their development concerns (Sen and Asher, 2006). The Indian initiatives have received strong support from Thailand several times in this regard (Zhang, 2006). It was decided during negotiation that while liberalization of merchandise tariff would be initiated in June 2006; the accords on trade in services and investment promotion would be launched from July 2007. It was also decided that the LDC members would be given more time to reform their tariff schedules.

One interesting feature of BIMSTEC is that the members are already linked with each other through several sub-regional preferential arrangements (and also overland, barring Sri Lanka). For instance, the South Asian countries are part of SAFTA, and the Indo-Lanka FTA has been operational for the last couple of years. India also provides preferential treatment to exports coming from Bhutan and Nepal. Bangladesh, India and Sri Lanka are currently part of APTA.

India is currently negotiating for FTA with ASEAN as a bloc (which includes Thailand and Myanmar), and is also engaged in the negotiation on Indo-Thai FTA. In addition, Myanmar and India are part of other collaborations like Mekong-Ganga Cooperation (MGC), Asian Land Transport and Infrastructure Development (ALTID) programme, among others (ADS, 2006). While the inclination towards enhanced trade relationships among BIMSTEC countries is a good sign, the multiplicity of preference may substantially add to confusion once all the preferential arrangements come into play. Moreover, complying with the rules of origin (ROO) requirements of the different preferential arrangements in that case would be a burdensome exercise. Already owing to discords over determination of ROO norms, the proposed deadlines have been missed.

The present paper attempts to analyze the trade dynamics of the BIMSTEC countries, and is organized as follows. First, the global trade trends of the BIMSTEC countries are analyzed. The potential impact of the FTA formation is commented upon next, followed by a discussion on the existing barriers in the member countries. The potential collaborations of the members at the WTO negotiating forums are highlighted in the following. Finally the conclusions are drawn.

2. Trade Profile of BIMSTEC

2.1. Merchandise Trade Balance of BIMSTEC

Table 1 shows the trends in overall merchandise trade of the BIMSTEC countries. While the trade volume increased for the BIMSTEC members over the years, due to domestic concerns, the same decreased in Nepal, and in case of Sri Lanka, the same decreased after 2000 but revived afterwards. The trade balance for the BIMSTEC countries barring Thailand is generally negative, indicating their reliance on imports. While for India fuel import plays a major role, for Bangladesh and Bhutan food import holds an important position. In case of Thailand, it is observed that the trade balance of the country has fluctuated over the period. For instance, while in 1995 and 2005, the two terminal points considered here, the trade balance was negative for Thailand, the same had been positive during 2000 and 2003.

Table 1: Balance of Merchandise Trade of BIMSTEC Countries
(US \$ Million)

Countries	Export					Import				
	1995	2000	2003	2005	2005	1995	2000	2003	2005	2005
Bangladesh	3501	6389	6990	9294	9294	6694	8883	10434	13839	13839
Bhutan	103	103	133	250	250	112	175	249	395	395
India	30630	42379	57085	95096	95096	34707	51523	71238	134831	134831
Myanmar	860	1646	2483	2925	2925	1348	2401	2091	2250	2250
Nepal	345	804	662	850	850	1333	1573	1754	1820	1820
Sri Lanka	3798	5430	5125	6347	6347	5306	7177	6672	8834	8834
Thailand	56439	69057	80324	110110	110110	70786	61924	75824	118191	118191

Source: International Trade Statistics (2006)

Looking at the intra-BIMSTEC trade balance from Table 2, it is observed that the trade balance is tilted more towards the relatively bigger players of the region (i.e., India and Thailand), primarily owing to their supply capabilities. In addition, Myanmar is recently showing the potentials to play a bigger role in the region in future. Bangladesh had a positive trade balance only with Bhutan and Sri Lanka in 2004. India in 2005 had negative trade balance only with Myanmar and Thailand. Thailand on the other hand, in 2005 had a positive trade balance with all BIMSTEC countries barring its ASEAN partner Myanmar. Sri Lanka in 2005 had negative trade balance with India, Myanmar and Thailand. The trade surplus here may be considered as a proxy for the capability of a country to service the outside world. Therefore, the benefits of the BIMSTEC integration is likely to be enjoyed more in the short run by India, Myanmar and Thailand; while the others would increasingly do so in subsequent period with deeper integration.

Table 2: Merchandise Trade Balance Scenario of BIMSTEC Countries

	(US \$ Million)			
BIMSTEC Countries	1995	2000	2003	2005
Bangladesh	-3193	-2494	-3444	-4545
Bhutan	-9	-72	-116	-145
India	-4077	-9144	-14153	-39735
Myanmar	-488	-755	392	675
Nepal	-988	-769	-1092	-970
Sri Lanka	-1508	-1747	-1547	-2487
Thailand	-14347	7133	4500	-8081

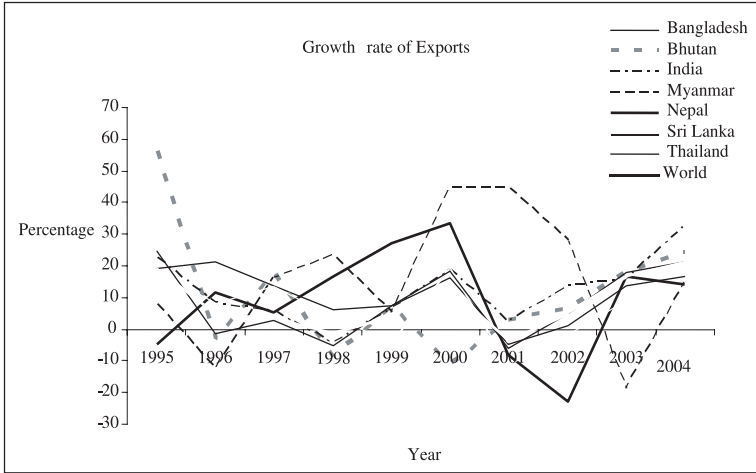
Source: International Trade Statistics (2006)

2.2 Growth trends and composition of merchandise trade

The export growth performance of the BIMSTEC countries over the last decade is analyzed with the help of Figure 1. It is observed that the merchandise export growth of the BIMSTEC countries have shown fluctuating trends over 1995-2004 in line with the global scenario, but the average export growth for the member countries over 1991-92 to 2004-05 has been positive. Myanmar has registered the

highest average export growth rate (18.42 percent) over this period, while Bhutan has been relatively less successful in this regard (8.12 percent). The other BIMSTEC countries, namely, Bangladesh (12.75 percent), India (10.72 percent), Nepal (11.21 percent), Sri Lanka (8.62 percent) and Thailand (11.33 percent) recorded a moderate performance.

Figure 1: Growth rate of Merchandise Exports

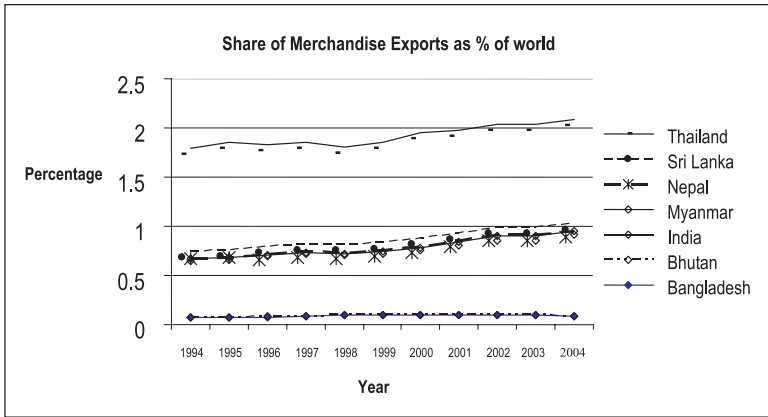


Source: International Trade Statistics (2006)

Figure 2 shows the percentage share of the BIMSTEC countries in global merchandise export over the last decade. It is again observed that the relatively bigger economies of the region, namely Thailand, India, and Sri Lanka are experiencing an increase in their shares in global exports, although the increase is much more marked in case of Thailand. Bangladesh and Bhutan have; however, failed to enhance their share in global exports in any significant manner over the last decade, mainly owing to their less diversified export baskets.

Figure 3 captures the growth rate of merchandise imports for the BIMSTEC countries. All the countries experienced a low import growth during late nineties in line with the global trend. However, in the recent years, their import growth rates are on the rise. It is observed that

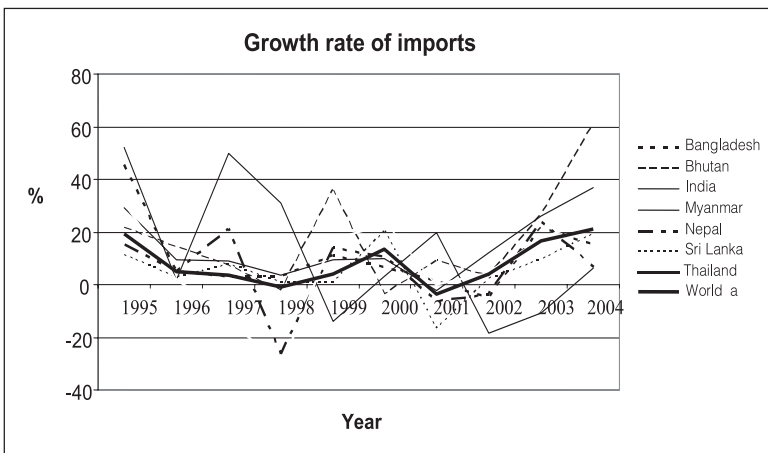
Figure 2: Share of Merchandise Exports



Source: International Trade Statistics (2006)

Myanmar has registered the highest average import growth rate (22.00 percent) over 1991-92 to 2004-05, while the same for Bangladesh has been minimum within the group (8.06 percent). The average import growth rates for other BIMSTEC countries over this period are as follows: Bhutan (10.74 percent), India (11.07 percent), Nepal (8.53 percent), Sri Lanka (8.32 percent) and Thailand (9.18 percent).

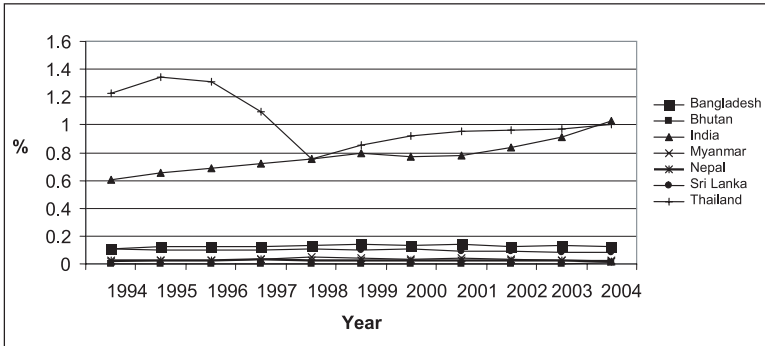
Figure 3: Growth rate of Merchandise Imports



Source: International Trade Statistics (2006)

However, the share of the BIMSTEC countries in global merchandise imports has not increased in any significant manner in general. Only in case of Thailand and India, their shares in global imports are found to be increasing, while the same for the other five BIMSTEC countries have remained more or less constant over the last decade. It is observed from Figure 4 that Thailand's share in global imports had declined sharply in 1998, in the aftermath of the East Asian Financial Crisis. The country is now recovering from that slump. On the other hand, in India due to its near-double digit growth, import demand is on the rise, which is reflected in its rising share in global imports.

Figure 4: Share of Merchandise Imports



Source: International Trade Statistics (2006)

Table 3 shows the composition of the merchandise trade for the BIMSTEC countries. It is observed from the Table 3 that a distinct shift towards export of manufacturing products has taken place in Bangladesh, India, Sri Lanka and Thailand over the last decade. The increase is more pronounced in case of Bangladesh, thanks to the steady increase in its garments exports over the period (Quddus and Rashid, undated). The importance of manufactures in the export basket of Bhutan and Myanmar is relatively lower owing to their vast natural resource base. While in case of Bhutan, export of fuel products (mainly, *mineral fuels, oils and product of their distill*) contributes significantly in its export basket, several primary products figure in the export basket of Myanmar.

Table 3: Composition of Merchandise Trade of BIMSTEC Countries

(Percentage share in total Export / Import basket)

Country	Agricultural Raw Materials		Food		Fuel		Manufactured Commodities		Ores & Minerals		
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import	
Bangladesh											
1990-91	6.81	5.37	14.31	18.95	1.28	16.49	77.49	55.86	-	3.13	
2002-03	1.01	5.59	6.55	14.92	0.14	6.47	92.21	59.58	0.02	2.01	
2004-05	1.94	8.81	7.91	18.88	0.44	7.87	89.62	61.78	0.09	2.48	
Bhutan											
1991-92	6.84	0.74	19.85	25.31	28.08	12.00	41.91	60.46	3.32	0.88	
2000-01	1.66	1.29	13.33	17.86	41.94	10.37	39.95	69.59	3.11	0.83	
India											
1990-91	4.03	3.99	15.51	3.24	2.91	27.30	70.42	51.20	5.14	8.07	
2000-01	1.42	3.44	14.49	7.23	0.24	30.84	79.20	50.66	2.46	5.46	
2004-5	1.01	2.62	9.74	4.42	8.60	34.57	72.83	52.56	6.73	4.89	
Myanmar											
1991-92	36.05	0.56	51.18	12.97	0.24	4.84	10.55	80.82	1.98	0.19	
1992-93	34.98	0.42	52.13	14.65	0.29	2.25	11.56	82.13	1.04	0.47	
Sri Lanka											
1990-91	5.76	1.80	33.99	19.06	0.69	12.64	54.07	64.88	1.56	1.50	
2000-01	1.95	1.20	21.13	15.34	0.04	5.75	75.36	76.59	0.23	1.05	
2004-5	2.20	1.14	20.63	12.32	0.15	14.70	73.90	68.73	3.12	3.07	
Thailand											
1990-91	5.07	4.70	28.66	5.05	0.83	9.35	63.21	74.96	1.04	3.57	
2000-01	3.02	2.92	17.07	5.00	1.77	9.69	74.19	77.80	1.01	3.00	
2003-4	4.66	2.68	14.15	4.93	2.49	11.97	75.41	75.92	1.00	3.38	

Source: World Development Indicators (various issues)

What is interesting is that the rising share of manufacturing exports are accompanied by the rise in manufacturing imports as well, which is a sign of growing industrialization as well as increased trade in intermediate products in BIMSTEC economies. For instance, Thailand has already emerged as a major hub for assembling of auto-components in the Southeast Asia, and the integrated production network is greatly benefited from the inputs (parts and accessories etc.) coming mostly from other ASEAN countries (Lecler, 2002; Ohno, 2005). Similar specialization in product categories among other BIMSTEC countries also exists, and there is a potential scope to increase intra-industry trade in those categories. For instance, the export of copper wire and copper alloy from Sri Lanka to India has increased significantly in the post-Indo-Lanka FTA. However, the increased export has also led to controversies in the bilateral trade relations (Siddiqui, 2006).

2.3 Service Trade Balance of BIMSTEC

Table 4 shows the global service trade scenario for the BIMSTEC countries. It is observed from Table 5 that the balance of services trade for most of the members is negative, signifying the role of imports. Only India has made a huge transition over the last couple of years, thanks to its software and IT-enabled service exports, due to which it currently have a positive trade balance. On the other hand, the balance is negative for the periods quoted here for Bangladesh, Bhutan, Sri Lanka and Thailand. For Myanmar and Nepal it is observed that the trade balance had been positive during mid-nineties, which however originates more from import restriction rather than export competitiveness.

2.4 Trends and Composition of Services Trade

The growth rates of service exports for the BIMSTEC countries are shown with the help of Figure 5. It is observed from the diagram that even the smaller economies of the region, like Bhutan is experiencing a huge service export growth in recent years. It is observed that India and Thailand had achieved peaks during several years over the last decade, but had been subject to fluctuations, and experienced negative growth on occasions.

Table 4: Balance of Service Trade for BIMSTEC Countries

(US \$ Million)

Countries	Export					Import				
	1995	2000	2003	2005	2005	1995	2000	2003	2003	2005
Bangladesh	469	283	398	477	477	1192	1523	1595	1595	2041
Bhutan	15	18	25	46	46	27	29	42	42	57
India	6763	16030	23092	56094	56094	10062	18896	25511	25511	52211
Myanmar	353	459	228	-	-	233	310	403	403	-
Nepal	592	410	302	267	267	305	193	258	258	406
Sri Lanka	800	915	1389	1518	1518	1169	1592	1646	1646	2065
Thailand	14652	13785	15694	20495	20495	18629	15329	17999	17999	27465

Source: International Trade Statistics (2006), WTO

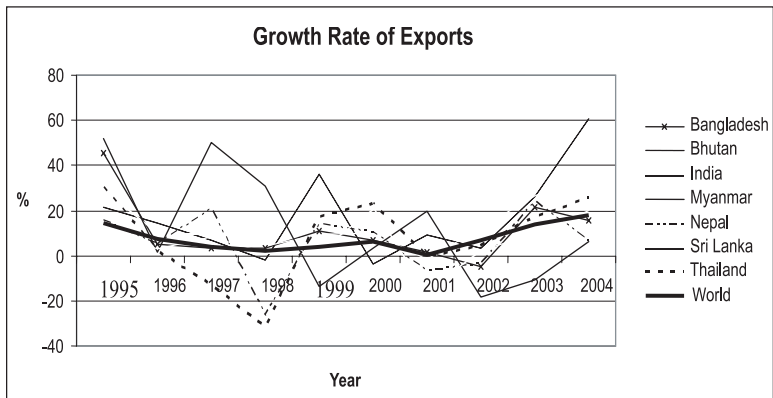
Table 5: Service Trade Balance Scenario in BIMSTEC countries

BIMSTEC Countries	1995	2000	2003	2005
Bangladesh	-723	-1240	-1197	-1564
Bhutan	-12	-11	-17	-11
India	-3299	-2866	-2419	3883
Myanmar	120	149	-175	-
Nepal	287	217	44	-139
Sri Lanka	-369	-677	-257	-547
Thailand	-3977	-1544	-2305	-6970

(US \$ Million)

Source: International Trade Statistics (2006)

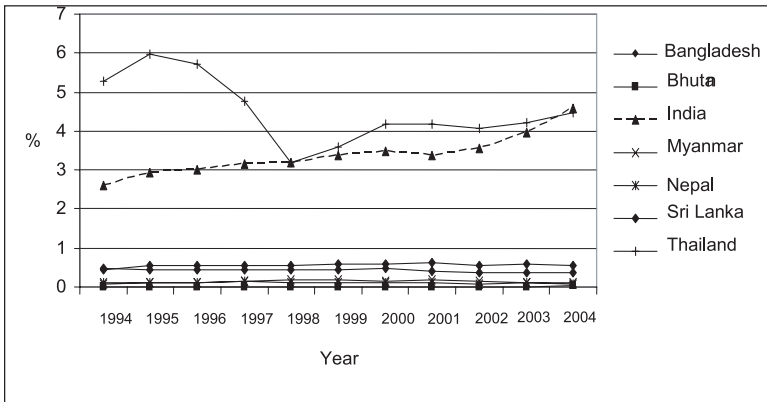
Figure 5: Growth Rate of Services Exports



Source: International Trade Statistics (2006)

The share of the BIMSTEC countries in global service exports is illustrated with the help of Figure 6 below. It is observed that like the case of merchandise exports, Thailand witnessed a decline in its share in global services exports in the aftermath of the South East Asian Crisis in 1998, but is currently recovering its old position slowly. On the other hand, due to the steady export growth of IT and IT-enabled services; India could manage to catch up with Thailand in recent years in services exports. However, the export shares of the other five BIMSTEC countries have remained more or less static.

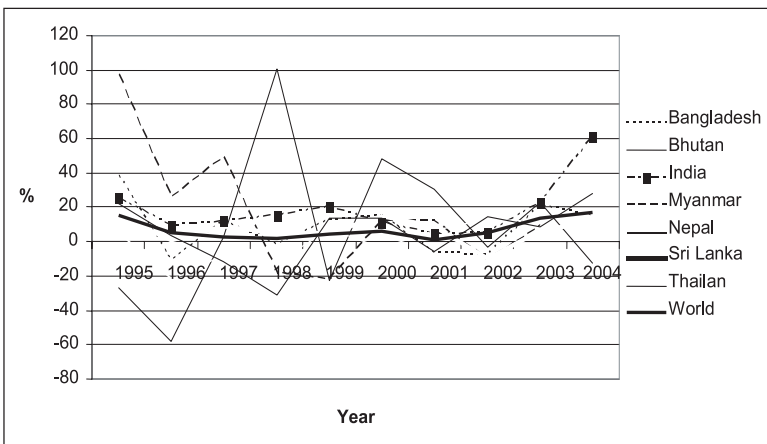
Figure 6: Share of Service Exports in Global Trade



Source: International Trade Statistics (2006)

The growth rates of services imports for the BIMSTEC countries are shown in Figure 7. The import growth rate is on the rise for India and Thailand in recent years, while the same for others is currently at a moderate level. It is observed from this figure that the smaller economies of the region (e.g. Bhutan) are also experiencing a growing trend in recent years, more so because they have started from a low base. Import growth in India and Thailand had been subject to fluctuations, with negative growth rates observed on occasions.

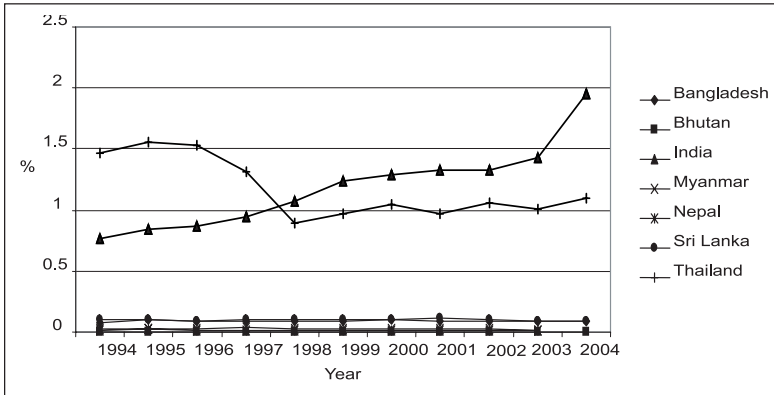
Figure 7: Growth rate of Service Imports



Source: International Trade Statistics (2006)

The scenario for the BIMSTEC countries in global services imports is similar to the case of exports, as captured in Figure 8. While Thailand is trying to regain its lost market after the 1998 slump in recent years, India has crossed it in leaps and bounds since late nineties. However, the import shares of the other five economies have not witnessed any major change over the last decade.

Figure 8: Share of Service Imports



Source: International Trade Statistics (2006)

The composition of service trade for the BIMSTEC countries is analyzed with the help of Table 6 in the following. It is observed from this table that the trade profile of most of the BIMSTEC members has undergone a rapid change over the last decade.

In case of Bangladesh, while the relative importance of export of computer, information, communications and other commercial services has gone down, the same for travel and transport service has significantly increased. However, transport services still retain its dominance in its imports basket. India, on the other, has witnessed an increase in both export and import of computer, information, communications and other commercial services, while the relative importance of transport import has gone down. Myanmar has witnessed an increase in both export and import of transport services. Nepal's services export basket is heavily dependent on travel services due to tourism and its heavy import of transport services can be explained by

Table 6: Composition of Service Trade of BIMSTEC Countries

(Figures in percent)

Country	Transport		Travel		Insurance and Financial Services		Computer, Information, Communications and Other Commercial Services	
	1990	2003	1990	2003	1990	2003	1990	2003
Export of Services								
Bangladesh	12.9	18.1	6.4	14.3	0.1	8.1	80.6	59.5
India	20.8	10.9	33.8	12.5	2.7	1.5	42.7	75.1
Myanmar	10.3	29.0	20.9	20.9	0.5	-	68.3	50.1
Nepal	3.6	11.9	65.6	65.9	-	0.2	30.8	22.0
Sri Lanka	39.7	40.5	30.2	30.6	4.2	3.5	25.9	25.4
Thailand	21.1	22.3	68.7	50.1	0.2	0.9	10.0	26.8
Import of Services								
Bangladesh	71.1	75.7	14.1	10.3	6.6	7.6	8.3	6.5
India	57.5	34.1	6.6	13.2	5.8	3.7	30.1	48.9
Myanmar	35.4	65.0	22.6	9.4	2.5	-	39.5	25.6
Nepal	40.8	44.5	28.5	31.6	3.2	6.7	27.5	17.2
Sri Lanka	64.2	58.4	11.9	16.9	6.8	5.8	17.1	18.8
Thailand	58.0	47.1	23.3	16.2	5.5	6.3	13.2	30.4

Source: World Development Indicators (various issues)

its land locked status. Sri Lanka and Thailand possess a balanced export basket: transport, travel and computer, information, communications and other commercial services are all important to some extent. While the share of transport services imports has declined for both economies, the same for computer, information, communications and other commercial services has recently gone up. The dissimilarity in services trade structure among the BIMSTEC countries indicates considerable scope for increased intra-bloc trade.

2.5 *Direction of Trade*

Table 7 shows the continent-wise export direction of the BIMSTEC countries for two cross-section points, 1991 and 2001. It is observed that the export destinations of the countries are not similar. While the exports from Bangladesh are increasingly finding their markets in EU and US, on the other hand, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand are exporting increasingly more within Asia only. The scenario in case of Myanmar can be explained by its increasing trade with ASEAN, while Bhutan and Nepal being land locked are having relatively higher trade with their neighbours. The growth dynamics of the Asian economies also support this trend.¹ The evolving situation does not imply a declining importance of the EU and US market for the seven BIMSTEC countries; it only highlights the reorientation of trade to areas hitherto unexplored.

The import sources of the BIMSTEC countries are given in Table 8. Unlike exports, it is observed that a major proportion of imports for the countries come from Asian economies only, barring India, for which the North American and the European markets are still quite important. However, in more recent years it has been observed that even for India the importance of the Asian countries for her international trade, especially the Southeast Asian countries and China, are on the rise as well. The increase has been caused by the enhanced trade opportunities coming from establishment of more trade points between the members. For instance, a border custom station between Myanmar and India has been opened at Moreh (Manipur) and a second border trading point at Champhai would contribute further in that process

Table 7: Export Direction of BIMSTEC Countries: Continent-wise

(Percentage Share in total Export Basket)

Exporting country	Importing Continent											
	Africa		North America		Asia		Europe		Oceania			
	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001		
Bangladesh	3.1	0.7	35.3	41.1	21.1	11.0	37.0	46.0	1.1	0.5		
Bhutan	-	-	-	-	99.7	-	0.1	-	-	-		
India	3.1	6.6	17.4	20.8	34.5	37.9	31.5	24.2	1.3	1.2		
Myanmar	3.1	-	0.5	-	93.3	-	2.4	-	-	-		
Nepal	-	-	20.1	27.7	24.9	48.3	54.8	23.6	0.1	0.3		
Sri Lanka*	2.3	0.6	5.3	5.5	70.0	71.7	18.1	17.4	2.6	4.3		
Thailand*	2.4	2.3	23.9	21.6	46.4	54.0	23.0	17.8	1.9	2.5		

Source: International Trade Statistics Yearbook (various years)

* - for the year 1992

Table 8: Import Direction of BIMSTEC Countries: Continent-wise

(Percentage Share in total Import Basket)

Importing country	Importing Continent											
	Africa		North America		Asia		Europe		Oceania			
	1991	2001	1991	2001	1991	2001	1991	2001	1991	2001		
Bangladesh	1.5	1.5	8.0	5.0	66.4	73.1	16.5	10.7	2.3	3.2		
Bhutan	-	-	1.5	-	91.8	-	5.8	-	0.5	-		
India	5.0	6.6	11.1	20.8	33.3	37.9	32.1	24.2	3.3	1.2		
Myanmar	0.6	-	3.2	-	81.0	-	13.4	-	1.7	-		
Nepal	1.1	0.1	0.9	2.0	78.6	78.0	12.9	16.7	6.1	1.9		
Sri Lanka*	2.1	0.6	5.3	5.5	70.0	68.7	18.0	16.1	2.3	3.4		
Thailand*	1.5	1.2	12.7	12.2	61.9	64.5	18.2	12.2	2.7	2.9		

Source: International Trade Statistics Yearbook (various years)

* - for the year 1992

(Bhattacharyay and De, 2005). Similarly, in the Indo-Lanka FTA India has agreed to offer more ports of entry for Sri Lankan tea and garments (Guha Thakurta, 2007).

Despite the increasing share of Asia in the trade basket of the BIMSTEC economies, the intra-BIMSTEC trade is still not very significant. It is observed from Table 9 that the relative intensity of a number of BIMSTEC countries actually declined in the import basket of their regional partners (e.g. Myanmar in Bangladesh's import basket, Bangladesh and Myanmar in Nepal's import basket, India and Sri Lanka in Thailand's import basket etc.). The dynamics is partly caused by other regional integrations as well. For instance India and Sri Lanka has increased their presence in the partner market in the aftermath of the Indo-Lanka FTA. Similarly, Myanmar's presence has increased in Thailand market, thanks to ASEAN.

2.6 BIMSTEC's Trade Performance in Global Context

Despite the high growth in exports and imports, which for smaller economies partly occur due to the fact that they start from a low base, the trade performance of the BIMSTEC countries in global context does not look very impressive. Only in the recent years, the share of the overall BIMSTEC trade in global exports and imports is showing an increasing trend, which can be explained mainly by the growing trade share of two members, India and Thailand. BIMSTEC export contribution to the world, as shown in Table 10, when compared with the same of other economic blocs like ASEAN, looks quite modest in volume.

However, on the positive side, it needs to be mentioned that BIMSTEC is doing reasonably well in comparison with the all developing country blocs like MERCOSUR and SADC. These blocs did not have the presence of a key player like Singapore in ASEAN among them and hence have witnessed decline in their global market share. One reason behind the spectacular export growth of ASEAN in global market is the considerable increase in the volume of intra-ASEAN trade over the last two decades, with Japanese investment and proximity to China playing a major role in that process (Hernandez,

Table 9: Exports as Percentage of Total Imports of Partners

(Figures in Percentage)

Exporting country	Importing Country													
	Bangladesh		Bhutan		India		Myanmar		Nepal		Sri Lanka		Thailand	
	1991	2004	1993	1999	1991	2005	1992	2001	1994	2003	1991	2005	1991	2005
Bangladesh	-	-	0.203	0.380	0.029	0.085	0.769	-	1.320	0.269	0.125	0.106	0.008	0.024
Bhutan	#	0.014*	-	-	0.002	0.059	-	-	0.206	0.031	#	^#	!#	#
India	6.371	11.498	70.284	74.662	-	-	1.955	-	38.688	53.002	7.121	17.326	2.494	1.088
Myanmar	0.288	0.086	-	-	0.262	0.352	-	-	0.067	0.036	0.004	0.048	0.049	0.153
Nepal	0.010	0.513	0.086	0.306	0.098	0.254	-	-	-	-	0.171	0.001	#	0.001
Sri Lanka	#	0.001	0.010	0.001	0.058	0.387	#	-	0.049	0.110	-	-	0.056	0.011
Thailand	1.118	3.056	0.002	3.102	0.249	0.812	1.879	-	1.517	2.776	3.205	2.024	-	-

Calculated from the WITS Data

- Trade share lower than 0.001 percentage in total import basket

* - For the year 2003

^ - For the year 1999

! - For the year 1992

2005). Japan can play a similar role in case of BIMSTEC as well and several studies point out the positive aspects of the BIMSTEC-Japan collaborations (Devi, 2005; Thimmappa, 2005; Sen and Asher, 2006; Wijeyatilleke, 2006). In this light, it is worth checking whether the formation of BIMSTEC FTA is likely to create trade among member countries.

Table 10: Share of RTAs in Total World Trade

(Figures in Percentage)

Trade Blocs	Export			
	1981	1991	2001	2004
MERCUSOR	1.69	1.31	1.42	1.51
NAFTA	16.63	23.16	28.02	23.18
ASEAN	3.75	4.71	6.27	6.13
SAARC	0.66	0.81	1.04	1.12
GCC	8.13	2.41	2.59	2.85
SADC	1.45	1.05	0.77	0.85
EU	37.88	43.64	39.70	40.37
BIMSTEC	0.89	1.29	1.98	2.09

Calculated from the Data in UNCTAD

3 BIMSTEC FTA and its Likely Impact on Regional Trade

3.1 The BIMSTEC Integration Experience and Member Concerns

BIMSTEC came into existence owing to several reasons, one of them being the failure of SAARC to be a vibrant trade bloc (Bhattacharya, 2007). It has been decided that for implementation of the FTA in merchandise products, the members have to agree on four provisions, namely: ROO (drafting a list of items which will enjoy preferential rules of origin), Negative List (products excluded from tariff reform coverage at an agreed number), Dispute Settlement Measures and Safeguard Measures. The import duties on items not included in the negative list would gradually be lowered down to zero for increasing intra-BIMSTEC trade volume. However, the safeguard

measure would protect the interest of the members. The inclusion of services, investment issues and trade facilitation measures under the purview of the bloc promised to take the cooperation of the members much beyond SAAARC. The trade facilitation among members would be improved through mutual recognition arrangements, customs cooperation, trade finance, e-commerce etc.

Interestingly, BIMSTEC does not have any provision for revenue loss compensation resulting from tariff reductions and elimination. Hence it makes more sense for India and Sri Lanka to access Nepal and Bangladesh market through BIMSTEC FTA rather than SAFTA (USAID, 2005). The negotiation on BIMSTEC FTA witnessed a setback in 2004, when Bangladesh felt unhappy on the revenue loss compensation provision for the LDCs in the bloc. Although it rejoined the negotiations in the following period, it preferred to have textile products in its negative list (Hasan, 2004). To appease the LDC members, BIMSTEC goes for higher liberalization. For instance, it would provide zero tariff access for Nepal's exports to some SAFTA members including Bangladesh, Bhutan, and Sri Lanka, who could still impose tariffs around 5 percent under SAFTA (USAID, 2005).

Indian firms raised a similar concern on textile products as well (Pandey, 2005). Moreover, the Indian auto industry was also wary of the completely-built units of all four-wheelers (including buses, trucks, MUVs and passenger cars) and two-wheelers (up to 250 cc) from Thailand and was in favour of including them in its negative list (Mukherjee, 2005).

In June 2005, the BIMSTEC countries met for exchanging the negative lists prepared by the members. India opined in favour of a shorter negative / sensitive list at the meeting. However, the members failed to agree on ROO provisions. While India proposed changes in tariff heading (CTH) as well as 35 to 40 per cent value addition as the twin criteria for that purpose, the LDCs in the group opined in favour of value addition criteria only.² It was agreed that all items coming under preferential ROO list would not have to follow the stringent ROO norms that will be applied on excluded items. India advocated

for a small list on this front as well (Sen and Siddiqui, 2006). However, other BIMSTEC countries preferred to have a larger list in this regard. The Dispute Settlement Rules were finalized in December 2005.

In early 2006, ROO provisions, Negative list and Safeguard measures still remained a bone of contention. It was soon obvious that the July 2006 deadline would be missed and the need to settle a fresh date to start the FTA was realized. However, the ninth ministerial meet of the BIMSTEC failed to announce the date for implementing the already agreed upon FTA (Nepalnews, 2006). The negotiations restarted in October 2006. The members are currently working on their reform offers (Khan, 2006; Daily Star, 2006). The BIMSTEC meeting in 2007 however has been postponed.

3.2 The Liberalization Schedule

During BIMSTEC FTA negotiation on trade in goods, it was decided that trade will be liberalized through progressive eliminations of tariffs and non-tariff barriers (NTBs) on identified products in two phases through (a) Fast Track and (b) Normal Track. The countries were provided with adequate time to adjust with the negative impacts of the bloc formation, if any, so as to minimize the domestic discomfort on that front. The finally agreed upon compliance modalities are provided in Table 11.

It is observed from the table that for the Fast Track products the non-LDC members would eliminate tariffs for LDC countries by 30 June 2007; but among themselves by 30 June 2009. The LDC countries would undertake the same exercise for non-LDC countries by 30 June 2011; but among themselves by 30 June 2009. On the other hand, for the normal Track products the non-LDC countries would eliminate tariffs for LDC partners by 30 June 2010; but among themselves by 30 June 2012. The LDC members would do that for non-LDC countries by 2017; but among themselves by 30 June 2015.

3.3 The Trade Potential in Merchandise

Keeping the trade basket and the area of interest of the Members in view, the FTA has identified a few key areas for cooperation, which

Table 11: BIMSTEC Tariff Phase Down Schedule

	Non-least Developed Countries	Least Developed Countries
2006-2009 Fast Track	Tariffs on products from least developing and non-least developing countries reduced to zero.	2006-2007 Fast Track Tariffs on products from least developing countries reduced to zero.
2007-2010 Normal Track	Tariffs on products from non-least developing countries reduced to zero at equal annual rate.	2006-2011 Fast Track Tariffs on products from non-least developing countries reduced to zero.
2007-2012 Normal Track	Tariffs on products from least developing countries reduced to zero at equal annual rate.	2007-2015 Normal Track Tariffs on products from least developing countries reduced to zero at equal annual rate.
		2007-2017 Normal Track Tariffs on products from non-least developing countries reduced to zero at equal annual rate.

Source: Ministry of Commerce and Industry, Govt. of India.

is an efficient tool for locking in reform across them. The sectors identified for cooperation include: textile and clothing, drugs and pharmaceuticals, gems and jewelry, horticultural and floricultural products, processed food products, automobile industry and products and plantation crops (rubber, tea, coffee). These well thought out areas of cooperation would ensure that all the members stand to gain from the integration process.

As observed from Table 9 earlier, the current level of intra-BIMSTEC trade is quite low in volume for most of the members and there is a need to analyze whether the low level of trade is the result of artificially created trade barriers and infrastructure bottlenecks or lack of demand for each others' product offerings. In Table 12, the trade complementarity indices for select BIMSTEC countries for their key partners are reported.³ Looking from the perspective of the exporter countries, it is observed that the calculated indices for Bangladesh and Sri Lanka are currently lower than that of India and Thailand. On the other hand, the relatively larger economies, India and Thailand are much better placed vis-à-vis them as they experience a relatively higher complementarity with the import pattern in partner countries.

Table 12: Trade Complementarities among BIMSTEC Countries

Exporting Country	Importing Country			
	Bangladesh	India	Sri Lanka	Thailand
Bangladesh (2004)		5.26	6.72	6.49
India (2005)	34.26		35.65	30.65
Sri Lanka (2005)	12.98	15.70		15.01
Thailand (2005)	32.16	28.24	36.62	

Source: Calculated from the WITS data

However, the current level of trade complementarities provides the static picture of trade potential only. It is observed that the trade baskets of the countries are heavily skewed in favour of a few product lines, thereby giving rise to the lower level of complementarities. With the formation of the BIMSTEC FTA in merchandise products and the

consequent tariff reform, the dynamic effects would set in and reallocation of resources towards production of commodities with vibrant demand from other BIMSTEC countries is likely to follow. The inclusion of investment under the purview of the bloc may cause faster realization of this effect.

A similar scenario is observed if the current level of overall intra-industry trade (IIT) index among the BIMSTEC countries, calculated at 4-digit HS classification, is analyzed. IIT denotes simultaneous export and imports of products in a particular commodity group. The higher value of bilateral IIT denotes more trade across industry categories, including the same in intermediate products. Here we report the Grubel-Lloyd IIT index calculated for the BIMSTEC countries in Table 13.⁴

Table 13: Intra-Industry Trade Trends

Exporting Country	Importing Country			
	Bangladesh	India	Sri Lanka	Thailand
Bangladesh (2004)	-	14.80	1.66	6.73
India (2005)	7.11	-	-	-
Sri Lanka (2005)	10.89	18.95	-	-
Thailand (2005)	6.96	27.20	41.15	-

Source: Calculated from the WITS data

The current low value of IIT for Bangladesh, as seen from Table 11, with other partners shows the poor presence of any production integration with them. On the other hand, the higher IIT indices for Thailand-Sri Lanka and Thailand-India show a distinct trade trend within same product categories, which can be successfully converted into production integration networks. For instance, IIT in copper between India and Sri Lanka has particularly increased in the post Indo-Lanka FTA period, as Sri Lankan firms import copper scrap without paying any import duty, and export melted and re-shaped ingots to India (Guha Thakurta, 2007). The tariff reform, once the FTA becomes fully operational, would significantly contribute in fueling trade in other intermediate products.

The textile and clothing industry, one of the key identified areas, can particularly gain in this regard. For instance, Nordas (2004) reported that the Revealed Comparative Advantage (RCA)⁵ of textile products for India (4.67), Sri Lanka (4.61) and Thailand (1.16) look modest vis-à-vis Bangladesh (8.74) and Nepal (10.37). A similar scenario is observed for clothing: Bangladesh (18.63), Nepal (11.66), India (3.90), Sri Lanka (14.36) and Thailand (1.33). Ghosh (2004) has also arrived at similar results. The combination of capital and technology with natural advantages would greatly help the BIMSTEC countries to increase their joint export to world market in this category.

The possibility of trade enhancement among members in the post-bloc period can also be ascertained in terms of trade concentration and the number of product lines traded between them at 4-digit HS level. The export and import concentration trends (Herfindahl index) for the BIMSTEC countries with their partners and the rest of world are reported in Tables 14 and 15 respectively.⁶ It is observed that the concentration ratio for trade among BIMSTEC countries is significantly higher than the same under their trade with rest of the world, implying that BIMSTEC trade is skewed in favour of a few product categories. The scenario can be explained in terms of the limited trade basket the countries offer among themselves. For instance, while Sri Lanka imported 1022 categories at 4-digit HS from India in 2005, it imported only 12 categories at 4-digit HS from Nepal during that particular year. Similarly, Bangladesh exported only 207 and 91 categories at 4-digit HS to India and Thailand respectively in 2004. The reduction in tariff on key traded items and improvement in infrastructure may significantly contribute towards boosting trade in existing products and open up newer possibilities.

While the trade potential in the post-bloc period is observable, there is a need to look at the actual trade growth for BIMSTEC. Table 16 provides a quick view of the Intra-BIMSTEC export growth for select countries over 2004-05, when the negotiations were gathering momentum. It is observed that India registered a positive export growth rate for its export to all regional partners, the increment being quite marked for Sri Lanka and Thailand. The former could be explained

**Table 14: Concentration Trends in Exports
(Herfindahl Index)**

Exporting Country	Importing Country			
	Bangladesh) (2004	India (2005)	Sri Lanka (2005)	Thailand (2005)
Bangladesh	-	0.041	0.075	0.048
Bhutan	0.224	0.009	0.708	0.097
India	0.095	-	0.109	0.036
Myanmar	0.331	0.075	0.272	0.027
Nepal	0.216	0.139	0.374	0.086
Sri Lanka	0.196	0.189	-	0.021
Thailand	0.223	0.134	0.032	-
World	0.080	0.031	0.018	0.017

Source: Calculated from the WITS data

**Table 15: Concentration Trends in Imports
(Herfindahl Index)**

Importing Country	Exporting Country			
	Bangladesh) (2004	India (2005)	Sri Lanka (2005)	Thailand (2005)
Bangladesh	-	0.145	0.248	0.422
Bhutan	-	0.159	1	0.899
India	0.0209	-	0.0343	0.0338
Myanmar	-	0.475	0.210	0.703
Nepal	0.264	0.038	0.534	0.134
Sri Lanka	0.068	0.114	-	0.158
Thailand	0.0679	0.0216	0.0320	-
World	0.0176	0.0821	0.0180	0.0314

Source: Calculated from the WITS data

mainly by the liberalizations under Indo-Lanka FTA. In case of Sri Lanka, the export growth to India and Thailand has been quite high and the magnitudes are at a comparable level. However, its exports to Myanmar have witnessed a decline. Thailand on the other hand experienced a high export growth to India, owing to an increase in export of machinery and equipments. Its export to ASEAN partner Myanmar has also increased. However, its export to Bhutan and Nepal

has declined, which apart from political factors can also be linked with economic distance. The result stresses the importance of trade facilitation among the BIMSTEC countries in no uncertain terms.

Table 16: Export Growth over 2004-05

(Figures in Percentage)

Importing countries	Exporting countries		
	India	Sri Lanka	Thailand
Bangladesh	4.86	15.84	5.08
Bhutan	18.68	-	- 19.71
India	-	44.85	66.61
Myanmar	2.11	- 50.97	16.56
Nepal	17.15	7.18	- 32.46
Sri Lanka	51.22	-	5.97
Thailand	23.75	43.24	-

Source: Calculated from the WITS data

3.4 The Trade Performance and Potential in Services

The negotiations on trade in services and investment among BIMSTEC countries were scheduled to commence from December 2005 and to be concluded by the end of December 2007, as a result of which agreements for trade in services and investment will begin to enter into effect from 1 January 2008. It was decided that the trade in services would be based on ‘substantial’ sectoral coverage through a ‘positive list’ approach.

The BIMSTEC countries have gradually opened various categories of their service market (e.g. banking services) over the years, in line with their economic interest. On the other hand, domestic reforms have been undertaken in several areas for facilitating the natural advantage (e.g. IT sector in India; telecom sector in Thailand). There are four categories of supply under each type of services trade, known as ‘Modes’. Modes 1 to 4 represent cross-border supply, consumption abroad, commercial presence and movements of natural persons, respectively. Although reform has taken place in the BIMSTEC countries in all the modes across the service categories in varying degrees, the countries have focused more on some areas depending on their economic interests.

Tourism sector is quite important for all the BIMSTEC countries and therefore Mode 2 stand relatively more liberalized across the members vis-à-vis other categories. The other forms of Mode 2 liberalization (e.g. health tourism in case of India) are also gaining more ground in recent years. Liberalization under Mode 1 has been done in varying degree, with the gainers going for increasing liberalization. Special mention of India has to be made in this regard, whose BPO sector has gained significantly through this provision (World Bank, 2004). The liberalization under Mode 3, i.e., commercial presence, involving operations of foreign entities in domestic economy through their subsidiaries, is still ongoing in BIMSTEC countries and developed trade partners have occasionally raised this concern. Generally, the restriction on trade in services is in terms of the prior approval requirement for investment and the associated transaction and time costs to be borne by foreign investors. Table 17 in the following provides the Revealed Comparative Advantage (RCA) trends in select service categories for the two major BIMSTEC economies, namely India and Thailand.

Table 17: The RCA Trends in Services – India and Thailand

Service	India		Thailand		
	1991	2001	1991	2001	2004
Transport	1.68	1.25	1.62	1.45	1.37
Travel	2.24	1.40	3.50	2.41	2.37
Communication	-	6.37	-	0.49	0.67
Construction	-	0.56	-	1.98	1.11
Computer and Information Services	-	28.19	-	-	-
Financial Services	0.99	1.11	0.07	0.13	0.14

Source: Quoted from De (2006a)

It is observed from the Table that India has a significant comparative advantage in exporting computer and information services thanks to its evolving IT sector. In addition, the RCA for the financial sector has increased, while the same for communication services is also noteworthy. However, India's RCA for travel and transport services is going down. Similarly Thailand has also witnessed a mixed

trend, while the RCA for transport, travel and communication has gone down over the years; the same for communication and financial services has gone up. Over the last decade, India is witnessing an increasing RCA several categories like ‘other services’, ‘all commercial services’ and IT-enabled services vis-à-vis ASEAN countries (Karmakar, 2005; De, 2006). Overall, the BIMSTEC countries possess some advantage both in labour and resource intensive services (e.g. - Transport, Travel) as well as the skill and technology intensive service sectors (Communication, Computer, Financial).

The major interest of the BIMSTEC countries however lies in Mode 4, the movement of natural persons, as the countries are exporters of both trained professionals as well as unskilled labours. However, inflow of natural persons is restricted in the BIMSTEC economies in varying degrees; Thailand being more liberal in this regard (Tullao and Cortez, 2006).

Substantial improvements have taken place in intra-BIMSTEC scenario on movement of natural persons (Taneja et al, 2004); although there is ample scope for further progress (e.g. movement of Indian doctors to Sri Lanka). The intra-regional movement of people is still a sensitive issue and needs to be tackled carefully through granting of mutual recognition and reciprocity.

3.5 Services trade liberalization in BIMSTEC and lessons from reform experiences:

Case study: Indian IT sector liberalizations

The IT industry in India is an outward-oriented sector, where exports account for around 65 percent of its total revenue. While the contribution of IT services is highest within this category (around 50 percent), IT enabled services comes next (around 20 percent). The growth potential and competitiveness of Indian IT and BPO sector has been fueled significantly by the reforms undertaken in the telecom sector since mid-nineties (World Bank, 2004). The increasing private participation in the telecom sector, both from domestic players and foreign firms (entering the market through joint ventures), enhanced the efficiency of the service quality and hence the performance of the

IT sector, operating through the global offshore delivery model, thereby greatly depending on the quality of domestic telecom service. Software service witnessed the highest productivity growth among all service categories, thanks to the presence of skilled professionals and emergence of new firms. Easing of the entry conditions contributed significantly in this regard as the share of foreign firms over the years considerably increased in BPO services, which maintained a high growth trend within IT services. The growth of the sector was further enhanced by the widespread use of English in the country.

Once the growth potential of the IT sector became obvious after the initial reforms were implemented in early nineties, the Government undertook a number of policies and reform measures to promote this sector further. First, the Foreign Trade Policy (2004-2009) permitted import of all kinds of computers (barring second hand computers) in India without any licenses. Second, imports of capital goods important for this sector were allowed at 5 percent basic customs duty, subject to certain export commitments. Third, schemes covering exemptions for IT exports and policies to facilitate greater investments in IT sector were introduced. Finally, enactment of IT Act (2000), covering copyright protection and cyber laws enhanced the certainty in this sector considerably. Indian IT exports over 2004-06 witnessed an average growth rate of more than 30 percent. During 2006 the value of export from this sector stood at nearly US\$ 23.5 billion, and is expected to cross US\$ 50 billion over the next four years if the growth rate continues. The success of IT sector in India has resulted from a combination of import policy and domestic regulation reforms (World Bank, 2004).

4. Barriers to Trade in Goods and Services

It has been observed by several studies that there exists a considerable volume of informal trade among the BIMSTEC countries (Taneja, 2002; Pohit and Taneja, 2000; Taneja, 1999), part of which may be explained by the high trade barriers faced in formal channels. De (2004) has noted that the estimated yearly road transport volume of the informal trade among Bangladesh, Bhutan, India and Nepal would perhaps range over 3 million tons. The trade barriers in BIMSTEC countries are briefly described in the following.

4.1 Barriers on Merchandise Trade

The BIMSTEC countries have made significant progress in tariff reform since the Uruguay round and the subsequent inception of WTO, as observed from Table 18. Given the importance of agriculture on the livelihood of the population, the tariff rate on primary products is relatively higher as compared to manufacturing items (See Annex 1). However, the decline in average tariff rate does not always provide the complete picture. Although the BIMSTEC countries have bound their tariff lines on agriculture, they are yet to bound their tariff lines on manufacturing completely. According to World Trade Report (2005) the bindings of non-agricultural products for the BIMSTEC countries are as follows: Bangladesh (3 percent), India (69.8 percent), Myanmar (4.7 percent), Nepal (99.3 percent), Sri Lanka (28.3 percent) and Thailand (70.9 percent). Looking at the tariff schedule of individual countries, it is observed that tariff on textile products; automobile products and certain manufactured products are relatively higher. In addition, the presence of peak tariffs and tariff escalation is also worth mention. The formation of the FTA would contribute significantly in lowering tariff rates on intra-BIMSTEC trade.

A more detailed picture of the barriers in BIMSTEC countries is provided with the help of Table 19, where the findings of the corresponding WTO Trade Policy Review and the USTR National Trade Estimate Report (2006) for select BIMSTEC countries are highlighted.

It is observed that for Bangladesh, the major points of concern are tariff-issues, additional protection through other border charges (infrastructural development surcharge, advance income tax), discriminatory internal taxes (VAT, supplementary duty, regulatory duty), weak IPR enforcement and limited opening up of services trade. While there is scope for India to improve tariff scenario and IPR enforcement as well; its recent inclination towards initiating anti-dumping investigations against imports has been raised by partners at times. Bangladesh has already approached WTO Dispute Settlement Body over this issue. In case of Sri Lanka, unpredictability of tariff regime, imposition of specific duties, weak IPR enforcement and

Table 18: Tariff Barriers in BIMSTEC Countries

Country	Year	Overall		Primary Products		Manufactured Products	
		Simple Mean tariff (%)	Wt. Mean tariff (%)	Simple Mean tariff (%)	Wt. Mean tariff (%)	Simple Mean tariff (%)	Wt. Mean tariff (%)
Bangladesh	1989	106.5	88.4	79.8	53.6	109	109.9
	2004	16.5	15.9	16.4	13.1	16.5	17.4
	1990	79	56.1	69.8	34.1	79.9	70.8
	2004	28.3	28	30	36.9	27.9	25.3
Myanmar	2001	4.7	4.8	8	5.1	4.3	4.7
	2003	4.8	3.9	8.7	4.9	4.1	3.4
Nepal	1993	21.8	17.5	11.8	9.3	22.9	21
	2004	14.5	15.6	15.4	14	14.2	15.6
Sri Lanka	1990	27.4	27	32.4	32.3	26.6	24.2
	2004	10.2	6.8	15.4	9.2	9.6	5.7
Thailand	1989	38.5	33	30	24.3	39	35
	2003	14	8.3	16.4	4.4	13.5	9.3

Source: World Development Indicators (various issues)

standard-related issues are usually highlighted. Similarly, Thailand also imposes high tariff on several product categories (e.g. agricultural products, automobiles and auto parts, alcoholic beverages, fabrics, paper and paperboard products, restaurant equipment, some electrical appliances) and maintain surcharges, and excise taxes on a range of “luxury” imports. The arbitrary and non-transparent management of tariff-rate quotas for agricultural products and SPS standards in Thailand are among the other areas of concern. The differences among the BIMSTEC countries in these issues have to be sorted through close collaborations (e.g. mutual recognition of standards). India has already entered into one such agreement with Sri Lanka where exporters can get their products tested in mutually accredited labs in their own country (Arun, 2006).

Given the fact that a number of BIMSTEC countries are Members of multiple preferential trade relationships, including both concluded and the ongoing ones (e.g. APTA, ASEAN, SAFTA, India-ASEAN FTA, India-Thailand FTA, Indo-Lanka FTA, Australia-Thailand FTA, China-Thailand FTA for agricultural produce, US-Thailand FTA); the determination of Rules of Origin (ROOs) would be an important exercise. India has already experienced problems with Sri Lanka and Thailand on ROO provisions within the Indo-Lanka FTA and India-Thailand FTA framework, respectively. In the India-Thailand FTA negotiation, while India preferred to have both value addition criteria and change in tariff heading (CTH) as the ROO norms, Thailand wanted only the former to be included for that purpose. A similar discord within BIMSTEC is also noticed when the LDCs Bangladesh, Myanmar, Nepal and Bhutan wanted to determine the ROO criteria only on value addition basis.

The trade barriers imposed by BIMSTEC countries on each other have been noted by several studies (Bhattacharya, 2004; Saqib and Taneja, 2005). It has been noted that so far only one dispute involving the BIMSTEC countries has reached the WTO Dispute Settlement Body (Table 20). In that dispute Bangladesh has complained to WTO that Indian measures on battery export from it failed to comply with

Table 19: Barriers on Merchandise Products in BIMSTEC Countries - Comparing WTO Trade Policy Review and USTR 2006 Report

Country	WTO Trade Policy Review	USTR 2006
Bangladesh (2006)	<ul style="list-style-type: none"> • Concentration of tariff lines at the three higher customs duty rates, and pronounced escalation in several products (e.g. - textiles and leather) • Low Tariff Binding • Multiplicity of additional charges and discriminatory internal taxes • Export prohibitions maintained for health, ecological balance, security, maintenance of adequate domestic supply etc. • Weak IPR enforcement 	–
India (2007)	<ul style="list-style-type: none"> • Complex tariff scenario, announcement of tariff changes throughout the year and with numerous exemptions • High initiation of Anti-Dumping duties • Continuance of certain price control mechanisms • Relatively higher tariff barriers on certain manufacturing sectors 	<ul style="list-style-type: none"> • High tariffs to petrochemicals, automobiles, motorcycles, and finished steel products. • Low tariff binding • Customs valuation methodologies require extensive documentation, and effectively increase tariff rates. • Failure to notify some SPS measures • Weak IPR enforcement

Table 19 continued

Table 19 continued

Country	WTO Trade Policy Review	USTR 2006
Sri Lanka (2004)	<ul style="list-style-type: none"> • Tariff lacks predictability; as rates have been raised and lowered frequently in an ad hoc manner • NTBs, especially licences affect a substantial volume of merchandise trade • Weak IPR enforcement 	<ul style="list-style-type: none"> • Specific duties on several products (e.g. - footwear, ceramic products, agricultural products) • Tariff escalation • Several additional charges on imports • Weak IPR enforcement
Thailand (2003)	<ul style="list-style-type: none"> • Complex tariff structure owing to the multiplicity of rates • About a quarter of all tariff lines unbound • Anti-dumping actions and some other non-tariff barriers • Import licensing for various items remains opaque and appears in some cases to be equivalent to quantitative restrictions 	<ul style="list-style-type: none"> • High tariffs, surcharges, and excise taxes on several products • Tariffs on unfinished and intermediate products are higher than on related finished products • Arbitrary management of import licenses and of SPS measures • Burdensome standards, testing, labeling and certification for food and pharmaceutical products

Constructed from quoted WTO and USTR Documents

several relevant provisions of the Anti-Dumping Agreement. The EC also requested the WTO to join the consultations. However, no panel was ultimately formed on this dispute. Since BIMSTEC DSM has been finalized, in future the members are more likely to sort their disagreements at that forum only.

Table 20: Intra-BIMSTEC Dispute at WTO

Case No	Complainant	Respondent	Argument
DS 306 (2004)	Bangladesh	India	Bangladesh argued that Anti-Dumping investigation by the Indian authority leading to the imposition of the definitive anti-dumping duties on Batteries from Bangladesh has been inconsistent with: Article VI of GATT 1994, including Articles VI:1, VI:2 and VI:6(a)· Articles 1, 2.1, 2.2, 2.4, 3.1, 3.2, 3.3, 3.4, 3.5, 3.7, 5.4, 5.8, 6.2, 6.4, 6.5, 6.8 (including para. 3 of Annex II), 6.9 and 12.2 of the Anti-Dumping Agreement

Source: WTO Dispute Settlement Updates

Given the recent focus on anti-dumping investigations, there is a need to have a close look into that aspect. Table 21 shows the anti-dumping initiation / final measure scenario in the BIMSTEC countries. It is observed that India and Thailand as exporters face a number of anti-dumping investigations, but most of them originate from the non-BIMSTEC countries. Regionally, India is imposing a number of measures on exports from Thailand. It has also imposed measures on Bangladesh and Nepal in the past. Thailand has initiated measures only against India among the BIMSTEC partners. Formation of the BIMSTEC FTA may contribute further in lowering the imposition of trade remedial measures against the partners.

**Table 21: Intra-BIMSTEC Anti-Dumping Initiation-Final Measures Matrix
(1995-2005)**

(Figures in parenthesis show initiations)

Exporting Country	Importing Country							Total
	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand	
Bangladesh	-	0	1(1)	0	0	0	0	1(1)
Bhutan	-	-	-	-	-	-	-	-
India	0	0	-	0	0	0	1(2)	63(120)
Myanmar	-	-	-	-	-	-	-	-
Nepal	0	0	2(2)	0	-	0	0	2(2)
Sri Lanka	0	0	0	0	0	-	0	1(1)
Thailand	0	0	11(18)	0	0	0	-	68(111)
Total	0	0	14(21)	0	0	0	1(2)	-

Source: WTO web-resources

4.2 Barriers on Trade in Services

The barriers on trade in services in select BIMSTEC countries are summarized in Table 22 in the following.

It is observed from the Table that Bangladesh is gradually opening up its service sector and generally national treatment is provided to foreign investors in telecom services. However the regulations are still there. For instance, unless exempt by the Chief Controller of Insurance, all insurance policies for properties in Bangladesh must be insured with the local insurers. The service sector in India has also witnessed liberalization over the years, although the restrictions in certain areas and limit on foreign investment are generally cited by partners. Sri Lanka has also improved its service regulation framework considerably, with the Government taking steps to end the monopoly of Sri Lanka Telecom (SLT).

The WTO Trade policy review on Thailand (2003) shows that the country maintained a number of restrictions on several service categories: e.g. -foreign equity limitations on commercial presence (legal, accounting, and architecture, as well as for certain construction, education, environmental, tourism, recreational, cultural and sporting, and maritime, rail and road transport services), foreign investment restrictions (transportation services), entry bar (domestic shipping is reserved to Thai-flagged vessels that are owned by Thai nationals or companies with at least 70% Thai equity due to national security reasons), Government permission requirement under the Foreign Business Act, 1999 (tourism services - majority foreign ownership in hotels and guided tour and travel services).

5. Future Collaborations at WTO Negotiations

One option of taking the BIMSTEC collaboration further might be to ensure a joint negotiating stance of the countries at the future WTO negotiations on market access, given their global export growth trends in recent years. Most of the BIMSTEC countries are Members

Table 22: Barriers to Services Trade in BIMSTEC Countries – Comparing WTO Trade Policy Review and USTR 2006 Report

Country	WTO Trade Policy Review	USTR 2006
Bangladesh (2006)	<ul style="list-style-type: none"> • Certain provisions relating to maritime transport and related services and insurance service • Limited opening up of Banking Service 	–
India (2007)	<ul style="list-style-type: none"> • Foreign investment upper limit for several sectors. • Restrictions in accountancy and legal services 	<ul style="list-style-type: none"> • India's offer does not remove restrictions in key sectors like professional services, telecommunications, and financial services. • Restrictions in accountancy and legal services • Investment limits in certain key sectors
Sri Lanka (2004)	<ul style="list-style-type: none"> • Monopoly in some service categories 	<ul style="list-style-type: none"> • Quotas on foreign films • Bar on some services (e.g. – legal services)
Thailand (2003)	<ul style="list-style-type: none"> • Restriction on foreign investment in certain sectors • Majority Thai ownership requirement in certain service categories 	<ul style="list-style-type: none"> • Bar in legal, accounting and certain other service categories on foreign participation • New barrier through the Multimodal Transport Act of July 2005 • Some discriminatory provisions on investment

Constructed from quoted WTO and USTR Documents

Table 23: An analysis of Current Cooperation between India and BIMSTEC partners at WTO Negotiations⁷

(Number of Submissions)

Countries	WTO Disciplines							
	A	B	C	D	E	F	G	H
Bangladesh	-	-	8	-	-	-	1	
Nepal	-	-	-	-	-	-	-	
Sri Lanka	4	2	11	-	-	1	7	1
Myanmar	-	-	-	-	-	-	-	
Thailand	2	-	5	-	-	14	7	

Compiled from India's Submissions to WTO

of WTO (Bhutan is currently an observer member), and have benefited significantly from the multilateral reform exercise over the years. The realized benefits from global reform and the simultaneous increasing export-orientation at home have prompted the BIMSTEC countries to become more vocal in terms of demanding greater market access from the developed countries in recent years.

The BIMSTEC countries have already collaborated at WTO forums through several formal developing country groupings. For instance, Sri Lanka joined India in the G-15 group formed during Uruguay Round. India, Sri Lanka and Thailand later joined 'Friends of Geographical indications', which was formed before Seattle Ministerial, with the obvious objective. India and Thailand came together to form the G-20 group formed in 2003 for negotiating the agricultural subsidization question in the EC and the US. Sri Lanka later joined India in the other major developing country agricultural negotiating forum, G-33. India, Sri Lanka and Thailand are also part of the developing country group G-24, formed during late nineties, which focus on liberalization on trade in services. As seen from Table 23 in the following, the joint submission of India with other BIMSTEC countries to the WTO currently covers a number of areas.

It is observed from the table that India is yet to collaborate with Myanmar and Nepal, the reason being the recent entry of the former (Nepal just joined WTO on 23 April 2004) and a relatively low-key multilateral strategy adopted by Myanmar (i.e., more focus on the ASEAN market), which like India, also joined WTO on January 1 1995. So far the collaboration among the BIMSTEC countries has revolved on Anti-dumping related concerns, services and TRIPS issues. On services, apart from the need to ensure freer movement of natural persons; the need to de-link commercial presence requirement from that provision has also been focused by the countries. Also the BIMSTEC countries have collaborated in the area of agricultural subsidy issue in developed countries in recent years. The closer participation of Sri Lanka and Thailand with India at WTO forums becomes clear from Table 24 in the following, where India's formal negotiating collaborations and BIMSTEC participation in them is shown.

Table 24: India's Negotiating Collaborations and BIMSTEC Presence

India's Negotiating Alliance at WTO	Other Asian RTA Partners of India	BIMSTEC Partners
Like Minded Group (General)	Indonesia, Malaysia, Pakistan	–
G-20 (Agriculture)	China, Indonesia, Korea, Malaysia, Pakistan, Philippines, Singapore	Bangladesh, Sri Lanka, Thailand
G-33 (Agriculture)	China, Indonesia, Korea, Mongolia, Pakistan, Philippines	Sri Lanka
NAMA-11 (Non-Agriculture)	Indonesia, Philippines	-
ABI (Non-Agriculture)	-	-
G-24 (Services)	Indonesia, Malaysia, Pakistan, Philippines	Sri Lanka, Thailand
Friends of Geographical indications (TRIPS)	Pakistan	Sri Lanka, Thailand

Constructed from India's trade data

A two-way effect is expected to follow in the coming period; while the WTO compulsions are likely to strengthen intra-BIMSTEC collaboration and trade integration on one hand, the enhanced and more diversified export basket of the countries through intra-region production integration and removal of trade barriers would urge them to adopt a stronger stand at future WTO forums and negotiations on the other.

6. Conclusion

The BIMSTEC countries are yet to complete negotiations on ROO, Sensitive Lists and Safeguard mechanism. The agreement on the DSM only will not take the implementation of FTA in goods further. Moreover, with absence of the agreement on the liberalization schedule in trade in goods; discussion on trade facilitation, trade in services and investment would also partially suffer.

The analysis shows that from a static perspective, the future trade potential may look limited, but once the FTA is implemented the dynamic effects would set in and the members would stand to gain from the exercise. The countries would also benefit from pursuing joint negotiating agenda at WTO, which the trade bloc may effectively lock-in. However, finalizing the sensitive list and safeguard measures is extremely important from the LDC perspective, since they are not supposed to be compensated for any customs revenue loss due to tariff reduction or removal (USAID, 2005). On the other hand, India is very serious on items eligible for preferential ROO treatment, given its earlier experience under Indo-Lanka FTA (e.g. – pepper, copper), and therefore wants to keep the list to the minimum. Moreover, the determination of the ROO criteria (single or twin) is also a delicate issue. This conflict of interest may delay the implementation of the FTA further. Given this, 2007 is going to be a key year for BIMSTEC, which will determine whether the bloc adopts the ASEAN path, or limps along the SAARC way.

Annex 1: Average Applied Tariff Profile of BIMSTEC Countries

Products	Countries							
	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand	
Primary Products								
Fruit and Vegetables	25.3	49.3	32.4	13.1	13.6	27.0	43.9	
Coffee, Tea, Cocoa, preparations etc.	29.2	38.3	56.3	14.0	23.8	28.0	31.3	
Sugars and sugar confectionary	30.0	30.0	48.4	7.3	16.6	19.4	26.6	
Spices, cereals and other food preparations	23.9	37.0	34.6	7.9	15.2	24.6	29.2	
Grains	6.3	50.0	49.4	0.9	10.0	15.7	-	
Animals and products thereof	20.7	30.0	33.0	11.4	10.9	26.1	31.4	
Oilseeds, oils and their products	16.2	44.1	52.5	1.7	11.2	18.9	21.1	
Cut flowers, plants etc.	12.8	31.8	25.9	4.5	9.9	9.2	22.8	
Beverages and spirits	29.6	77.4	78.4	24.2	40.0	-	57.1	
Dairy products	29.3	50.0	35.0	3.3	14.3	23.6	23.9	
Tobacco	25.0	100.0	30.0	25.0	35.8	157.3	60.0	
Other agricultural products	11.7	29.6	24.6	3.1	7.5	9.4	7.7	

Annex I continued

Products	Countries							
	Bangladesh	Bhutan	India	Myanmar	Nepal	Sri Lanka	Thailand	
Non-Agricultural products								
Wood, pulp, paper and furniture	20.3	21.3	25.7	6.6	14.8	13.3	14.7	
Textile and clothing	25.9	26.4	28.0	10.6	16.1	5.7	22.0	
Leather, rubber, footwear and travel goods	19.0	25.7	28.6	5.3	16.8	17.8	21.6	
Metals	17.8	19.0	29.0	2.9	12.5	9.0	11.7	
Chemicals	15.2	14.0	29.3	2.3	12.9	5.7	6.7	
Transport equipment	15.9	16.1	37.0	3.9	20.1	9.4	27.7	
Non-electric machinery	9.9	10.2	25.2	1.6	7.7	5.1	8.4	
Electric machinery	17.0	12.1	24.8	4.2	14.7	9.9	12.8	
Mineral products, precious stones and metals	17.6	27.3	26.8	4.3	15.5	11.5	10.7	
Manufactured articles not specified	18.5	19.5	27.0	6.4	14.9	10.1	12.8	
Fish and fish products	27.6	30.0	30.0	8.1	10.8	12.7	10.1	

Source: World Trade Report (2005)

Endnotes

- ¹ It has been observed that the economic growth in Asia was achieved at the cost of increased rural-urban income inequality in many countries. This inequality is particularly high in China, and to a lesser extent visible in India and Thailand (UN, 2005).
- ² For a detailed discussion on India's ROOs norms in its other trade blocs, see Bonapace and Mikic (2006) and Harilal and Jha (2006).
- ³ Trade Complementarity Index is calculated by the following formula:

$$TC_{ij} = 100 - \sum \left(\frac{|m_{ij} - x_{ik}|}{2} \right) \text{ where } x$$

m_{ij} is the share of good i in global exports of country j and m

x_{ik} is the share of good i in all imports of country k . The index is zero when no goods are exported by one country or imported by the other and 100 when the export and import shares exactly match.

- ⁴ For an industry i with exports X_i and imports M_i the Grubel-Lloyd IIT index is:

$$I = \frac{[(X + M) - |X - M|]}{(X + M)} * 100.$$

Higher value of the index indicates higher IIT.

- ⁵ RCA of commodity group 'i' of a country is defined by the following formula:

$$R = \frac{(X_i / X)}{(W_i / W)}, \text{ where } X$$

i and X_t are the export of 'i' of the country and its total export respectively in a particular year. Similarly W_i and W_t represent the global export of commodity group 'i' and the total export of the world in that order.

- ⁶ The Herfindahl index is calculated as: $H = \sum (s_{it})^2$ where s_{it} is the share of the i -th HS 4-digit level commodity in the total export / import basket of a country during year t .
- ⁷ A – Agriculture; B – Dispute Resolution; C – General Council (Special and Differential Treatment, Singapore Issues, Anti-Dumping, Trade in Textiles, Modalities, Preparation for Ministerial Conferences etc.); D – Investment; E – Non-Agricultural Market Access; F – Services; G – TRIPS, H – Trade Facilitation

Bibliography

- Arun, S., "India to document revenue loss due to NTBs in BIMSTEC trade", Financial Express, India, 25 September 2006, available at http://www.bilaterals.org/article.php3?id_article=6078
- Bhattacharyay, Biswa N. and Prabir De, "Promotion of Trade and Investment between People's Republic of China and India: Toward a Regional Perspective", *Asian Development Review*, 22(1), pp.45-70, 2005.
- Bhattacharya, Swapan K., "Does BIMSTEC-Japan Economic Cooperation Promote Intra-Regional Trade? The Case for Free Trade Arrangement", CSIRD Discussion Paper No. 23, February 2007.

- _____, “Does Bangladesh Benefit from Preferential Trade with India? A Gravity Analysis”, *Economic and Political Weekly*, pp. 5152-62, November 27, 2004.
- Bonapace, Tiziana and Mia Mikic, “Asia-Pacific Regionalism Quo Vadis? Charting The Territory For New Integration Routes”, ESCAP, published in World Report in Regional Integration, UNCTAD, 2006.
- Daily Star, “Dhaka asks Bimstec to be flexible for equitable trade”, Dhaka, 10 August 2006, available at http://www.bilaterals.org/article.php3?id_article=5468
- De, Prabir, “Facilitating Overland Trade Facilitating Overland Trade in South Asia”, presented at the RIS Regional Conference on ‘Economic Cooperation in SAARC: SAFTA and Beyond’, 19 March 2007, New Delhi.
- _____, “The Growth of international trade in services in developing countries: Some implications”, *Journal of International Logistics and Trade*, 4(2), pp.75-104, December 2006.
- _____, “Transport Cooperation in BIMST-EC: Issues and Way Forward”, RIS Discussion paper 75, May 2004.
- Devi, T. Nirmala, “BIMSTEC – Japan Economic Cooperation: Trends and Prospects”, CSIRD Discussion Paper No. 11, November 2005.
- Ghosh, Soumya Kanti, “Apparel Exports in Post-MFA Regime”, *Economic and Political Weekly*, pp. 1645-48, April 24 2004.
- Guha Thakurta, Paranjoy, “A win-win FTA”, *Himal South Asian*, available at <http://www.himalmag.com/2007/march/cover5.htm>, 2007.
- Harilal, K. N. and Sejuti Jha, “Rules or Origin Regime and South Asia: A Preliminary Survey of Issues”, in B. S. Chimni et al (Eds), “South Asian Yearbook of Trade and Development 2006”, CENTAD, New Delhi, 2006.
- Hasan, Rafiq, “Dhaka to finally sign BIMST-EC trade deal: Tariff loss compensation issue given up”, Daily Star, Dhaka, 14 March 2004, available at http://www.bilaterals.org/article.php3?id_article=739
- Hernandez, Elmer C., “Ways to increase Japanese FDI in ASEAN (ASEAN Government Perspective)”, Presented at the Seminar on ‘Japanese FDI in ASEAN: Investment, Reinvestment and Relocation’, 7-8 September 2005, Jakarta, Indonesia, available at [http://www.asean.or.jp/invest/archive/speech/fy05/J%20FDI%20in%20ASEAN/SS03-08%20Elmer%20Hernandez%20\(Presentation\).pdf](http://www.asean.or.jp/invest/archive/speech/fy05/J%20FDI%20in%20ASEAN/SS03-08%20Elmer%20Hernandez%20(Presentation).pdf)
- Karmakar, Suparna, “India-ASEAN Cooperation in Services: An Overview”, ICRIER Working Paper No. 176, November 2005.
- Khan, Jasim Uddin, “Dhaka may provide 522 products with free access”, Daily Star, Dhaka, 5 March 2006, available at http://www.bilaterals.org/article.php3?id_article=4030
- Lecler, Yveline, “The cluster role in the development of the Thai car industry”, *International Journal of Urban and Regional Research*, 26 (4), 799–814, 2002.
- Mukherjee, Rupali, “Auto sector wary of BIMSTEC FTA”, Financial Express, India, 25 May 2005, available at http://www.bilaterals.org/article.php3?id_article=1953

- Nepalnews.com, “BIMSTEC meet fails to announce date for implementing free trade pact” Nepal, 10 August 2006, available at http://www.bilaterals.org/article.php3?id_article=5477
- Nordas, Hildegunn Kyvik, “The Global Textile and Clothing Industry post the Agreement on Textiles and Clothing”, World Trade Organization Discussion Paper 5, 2004, Geneva.
- Ohno, Kinichi, “Vietnam and Thailand: Coping with Regional Integration and Chinese Challenge in Different Ways”, presentation on March 24, 2005, available at <http://www.grips.ac.jp/teacher/oono/hp/docu01/VNTH02a.ppt>
- Pandey, Piyush, “India under cheap textile imports threat”, Business Standard, India, 6 May 2005, available at http://www.bilaterals.org/article.php3?id_article=1858
- Pohit, Sanjib and Nisha Taneja, “India’s Informal Trade with Bangladesh and Nepal: A Qualitative Assessment”, ICRIER Working Paper No. 58, July 2000.
- Quddus, Munir and Salim Rashid, “Garment Exports from Bangladesh: An Update and Evaluation”, *Journal of Bangladesh Studies*, available at <http://www.aedsb.org/JBS1art3.doc>
- Saqib, Mohd. And Nisha Taneja, “Non-Tariff Barriers and India’s Exports: The Case of ASEAN and Sri Lanka”, ICRIER Working Paper No. 165, July 2005.
- Sen, Amiti and Huma Siddiqui, “BIMSTEC FTA needs to cross one more river”, Financial Express, India, 2 February 2006, available at http://www.bilaterals.org/article.php3?id_article=3707
- Sen, Rahul and Mukul G. Asher, “BIMSTEC – Japan Economic Partnership: Opportunities and Challenges”, CSIRD Discussion Paper No. 14, February 2006.
- Siddiqui, Huma, “No CEPA with Lanka till export surges curbed”, Financial Express, August 5, 2006, available at http://www.bilaterals.org/article.php3?id_article=5431
- Taneja, Nisha, Arpita Mukherjee, Sanath Jayanetti and Tilani Jayawardane, “Indo-Sri Lanka Trade in Services: FTA II and Beyond”, ICRIER Working Paper No. 145, November 2004.
- Taneja, Nisha, “India’s Exports to Pakistan: Transaction Cost Analysis”, *Economic and Political Weekly*, pp. 96-99, January 13-19, 2007.
- _____, “India’s Informal Trade with Sri Lanka”, ICRIER Working Paper No. 82, April 2002.
- _____, “Informal Trade in SAARC Region”, ICRIER Working Paper No. 47, March 1999.
- The Asian Dialogue Society (ADS), “Shared Integration: Promoting A Greater Asia”, Singapore: Information and Resource Center, 2006.
- Thimmappa, K., P. Nasurudeen, N. Mahesh and A. Pouchepparajou, “Indo-Japanese Trade in Livestock Products: Recent Trends and Emerging Issues”, CSIRD Discussion Paper No. 10, November 2005.

- Tullao, Tereso S., Jr. and Michael Angelo A. Cortez, "Enhancing the Movement of Natural Persons in the ASEAN Region: Opportunities and Constraints", *Asia-Pacific Trade and Investment Review*, 2(2), pp. 71-91, 2006.
- USAID, "South Asian Free Trade Area: Opportunities and Challenges", Washington, D.C.: U.S. Agency for International Development, October 2005.
- Zhang, Dong, "India looks East: Strategies and Impacts", AUSAID Working Paper, Asia Economic Section, September 2006.
- United Nations, "Report on the World Social Situation 2005: The Inequality Predicament", 2005.
- ___, "International Trade Statistics Yearbook" (various years)
- ___, "UNCTAD Database CD ROM".
- United States Trade Representative, "2006 National Trade Estimate Report: Foreign Trade Barriers", Report on individual BIMSTEC Countries, available at www.ustr.gov.
- Wijeyatilleke, P.B., "BIMSTEC-Japan Comprehensive Economic Cooperation in Fisheries Sector: Emerging Issues and Opportunities", CSIRD Discussion Paper No. 19, August 2006.
- World Bank, WITS Database, accessible at <http://wits.worldbank.org>.
- ___, "World Development Indicators" (various issues).
- ___, "Sustaining India's Service Revolution: Access to Foreign Markets, Domestic Reform and International Negotiations", Washington, D.C., 2004.
- World Trade Organization, WTO Annual Report (various issues), Geneva: WTO.
- ___, "Dispute Settlement Updates" (various issues).
- ___, "International Trade Statistics 2006".
- ___, "World Trade Report 2005".
- ___, "Trade Policy Review: Bangladesh", 2006.
- ___, "Trade Policy Review: India", 2007.
- ___, "Trade Policy Review: Sri Lanka", 2004.
- ___, "Trade Policy Review: Thailand", 2003.

Centre for Studies in International Relations and Development

The Centre for Studies in International Relations and Development (CSIRD) is a non-profit research organization which seeks to carry out policy-related work in the field of international relations and development cooperation. It aims to grow into a leading think tank to promote policy issues related to globalisation, trade and development. CSIRD emerged out of a recognised need for an institution that would give a distinct shape to the realisation of a shared future for the World. It is an organisation involved in addressing issues of multilateral, regional, bilateral and national concern to our society. The work of CSIRD is published in the form of research papers, books, working papers, monographs and journals.



Centre for Studies in International Relations and Development

P 534 Raja Basanta Roy Road

Kolkata 700029, India

Phone: +91-33-2463 7322

Fax: + 91-33-2463 7322

Email: membersecretary@csird.org.in;

csirdindia@yahoo.co.in

Websites: <http://www.csird.org.in>;

<http://www.bntt.org>