

Trade Barriers and Facilitations among SAARC Economies

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Abstract

Intra-SAARC trade is carried on small scale when is compared to regional blocks of the rest of the world. The reasons of low trade magnitude are socio-economic hurdles in trade. The study attempts to make a conventional search of the barriers and facilitations to trade among SAARC states. It gives an idea about the structure of trade among SAARC economies, which help to annotate that why there is low intra-SAARC trade and how to maximize it. Agreements among SAARC were analyzed to elaborate the trade conflicts and measures, like the major agreements SAPTA and SAFTA. Literature assists us to analyze the impacts of SAPTA on trade promotion and diversion. WTO regulations and governmental policies are also trying to improve trade among SAARC nations.

Key Words: SAARC, SAPTA, SAFTA, APTTA, RTA, Conflicts, Facilitations.

1. Introduction

The South Asian Association for Regional Cooperation (SAARC) is a political and economical organization in South Asia. It is the largest regional organization and was established on December 8, 1985 by Bangladesh, Bhutan, Maldives, Nepal, Pakistan, India, and Sri Lanka. Eighth country Afghanistan was added on the request of India on November 13th, 2005 and became a member of SAARC on April 3, 2007. The purpose of the establishment of SAARC is to provide platform to the people of Southern Asia to make joint efforts to promote harmony, conviction, and understanding among states. WTO aims to facilitate the free trade among member countries. But the issues of restriction on trade, customers' safety, human privileges and environmental harms are prominent in developed and less developed countries.

After the failure of its implications, an alternative regional trade agreement (RTA) was established in WTO and then developed countries and developing countries moved to regional trade agreements or bilateral trade agreements. SAARC was entered in regional trade agreement in 2004. Before entering in the (RTA), South Asian Preferential Trading Agreement (SAPTA) was formed in 1993 and it would be changed into South Asian Free Trade Agreement (SAFTA) in January 6, 2004 on the 12th Summit at Islamabad. (Ali & Talukder, 2009 and Chaturvedi et al., 2007) This study highlights the main trade barriers among SAARC member states. This work also attempts to identify the maximum facilitations provided by the management of SAARC and by the legal regulations of the governments of the contracting states. Literature gives a brief discussion on the SAARC and then trade among SAARC.

Before moving towards the concerned topic of barriers and facilitations of trade among SAARC, research study mentioned the basic trade agreements of SAARC member states. The aim of this research is to analyze the dimensions related to the following research questions:

RQ.1 How trade agreements support trade facilitations among SAARC member countries?

RQ.2 What are the security and political obstacles occurring in trade among SAARC states?

RQ.3 What are the bilateral conflicts of SAARC?

RQ.4 What are the promotional measures to trade elaborated by the agreements of SAARC and by the international organizations?

2. Trade Agreements

For the purpose of developing trustable and peaceful relationship among the neighboring states, trading is an important way. Through trade, SAARC member states able to interact with large population of eight countries. It also helps the member states to take the competitive advantages globally over the trade items of other member states.

1.1. South Asian Preferential Trade Agreement (SAPTA)

SAPTA includes the following contents; least development country, contracting state, serious injury, threat of serious injury, critical circumstances, sectorial basis, direct trade measures, tariffs, Para-tariffs, nontariff, and products. The contracting states establish the South Asian Preferential Trade Agreement (SAPTA) for the promotion of mutual trade and economic collaboration among these countries and it will be governed by the requirements of SAPTA and also by the legislation mentioned in its structure by the Contracting States.

The principles for the governance of SAPTA are: the member states shall be benefited equally. SAPTA will gradually be discussed, improved and extended in subsequent stages. The special needs of the least developing member states would be agreed upon in their favor. All products and unprocessed, semi processed and processed manufactures and goods will be included in SAPTA.

SAPTA having the following components: tariffs, Para-tariffs, nontariff measures, and direct trade measures.

1.2. South Asian Free Trade Agreement (SAFTA)

South Asian Free Trade Agreement (SAFTA) includes: concessions, direct trade measure, least developed contracting state, margin of preference, non-tariff measures, Para-tariffs, products, SAPTA, serious injury, tariffs, and threat of serious injury. The principles for the governance of SAFTA are: SAFTA will be governed by the requirements of this agreement and also by the rules and regulations mentioned in its structure by the contracting states. Under Marrakesh Agreement establishing the World Trade Organization and other agreements in which Contracting States participated, they established their vacant rights and obligations with respect to each other. All the contracting states will be equally benefited. SAFTA facilitates free trade of goods without concerning the legal restrictions. Trade facilitation and other measures, and the progressive agreements shall be required for the adoption in relevant areas. The special needs of the least development contracting States will be agreed upon in their favor.

1.3. Afghan-Pakistan Transit Trade Agreement (APTTA)

Afghanistan is unable to do exports to the hyper markets of India and China and also to the whole world through different seaports like Karachi port, Qasim, Gwaddor port etc. Afghan Pakistan transit trade agreement (APTTA) allows Afghanistan to carry exports to India through the Wagah Border in Pakistan. The Pakistan Peace Coalition (PPC) concerned over the statement of Commerce Minister that Afghanistan demands to allow transit facility for Indian goods through the land route of Pakistan to Afghanistan has been turned down by Pakistan. As mentioned in the SAFTA and charter of SAARC that all countries should trade between regional countries. Pakistan, being responsible state of SAARC, formulated procedures for Afghanistan to India trade via its land route even though the observations of local business community. This is not only the one example of Pakistan's commitment towards trade promotional activities among SAARC economies

But while projecting an even more miserable situation is the extremely low level of Intra SAARC trade. The main reason is the bilateral dispute, between India and Pakistan. The leaders of PPC showed their concern that the hampering of the success of the SAFTA is due to the bilateral disputes among SAARC members. Pakistan continued to trade with India despite of refusing to grant Most Favorite Nation (MFN) status, which is the basic requirement of World Trade Organization. Pakistan has to face high tariffs and non-tariffs barriers on the imported products of India. The disputes among the member of SAARC means that the trade through land route is very difficult between India and Pakistan and India and Sri Lanka. In order to covert land locked countries into land linked cross border infrastructure, it is necessary provide facilities to intra regional trade.

There is great contribution of SAFTA to the economic and social development of the region. Pakistan can gain many benefits from SAFTA. The access to the huge market of SAARC countries for trade purpose is in the favor of Pakistan, as Pakistan can get access to cheaper and better quality of products from customer's point of view also. Through enhanced competition, trade liberation permits Pakistan to promote its export sector. Pakistan's economy can boost up by generating profits and revenues through using Pakistan's roads as routes for trade among neighboring countries. PPC office concluded that the agreement of SAFTA has many benefits, like the members can easily negotiate with one another, discuss trade related issues and also plays role in reducing political disputes. In order to increase bilateral and multi-lateral trade practical measures should be taken.

3. Barriers towards Trade among SAARC

Barriers mean any policy or regulation that restricts international trade. These may be embargos, import duties, import licenses etc. These barriers are the cause of low trade among SAARC states.

1.4. Hinge Barriers on Security And Democracy

In order to promote regional cooperation India bind the neighboring states in ties of different networks through the project of SAARC. India shares ethnic, language, cultural and religious histories.

Harshe (2005) mentioned that India refused to attend the 13th summit of SAARC and the reason was shaped by two main factors. First, recently events occurred in Bangladesh such as attack on Sheikh Hasina, the deaths of Bilal-ud-din, a journalist and former finance minister Shah A.Kibria in two separate bomb blasts. Second, through suspension of the democratic and constitutional processes King Gyanendra's seizures of power in Nepal also promoted India to refrain from sharing the platform with the Gyanendra regime.

1.4.1. Spillover Effects of Crisis in Nepal

The political system of Nepal is internally challenged by Maoists. Maoists have been trying but have not merely established their control over 40% of territory of Nepal, The Deuba regime failed to improve the law and order situation and tackle the Maoist rebels which in return gave King Gyanendra a pretext to take over the administration in Nepal. Nepal strategic location has high value for major powers. Since Nepal borders China and India, the dominant forces in Nepal therefore can prove crucial to either of these powers. Nepali's frontier is only 185 miles away from New Delhi. That is why India's stability and friendship with Nepal is essential to strengthen its security.

3.1.2. Inadequate Security Environment

Two vast areas of illicit opium production namely Golden crescent and Golden Triangle constitute problems to health security. The threat of terrorism also constitutes challenges to development cooperation from two leading countries Sri Lanka and Pakistan. A momentary semblance of peace in the sub-continent has been established with the ongoing talks to promote peace by Indo-Pakistan and the assurance of preventing any terrorist operation from its soil by President of Pakistan. Similarly, peace seems to escape Sri Lanka in spite of the three-year-old Oslo-initiated reconciliatory process between the Liberation Tigers of Tamil Eelam (LTTE) and government of Sri Lanka. The formation of joint mechanism comprising of the LTTE and the government to disburse funds in the tsunami-affected areas has been held as LTTE wants to monopolize post tsunami reclamation work in the northeast. It is easy to assuage the impact of terrorism by promoting dialogic processes in inter and intra-state civil societies within the SAARC countries. The success of SAARC is based upon the economic and commercial bonds among the SAARC member states.

3.1.3 Indo-Pak Cooperation

If both India and Pakistan focus on the economic aspects of their ties, the strain between both the countries may be mitigated. When the nuclear test was conducted in 1998 the trade among Indo-Pak peaked to \$345 million. The highest Indian Exports to Pakistan was during the government of Musharraf (Taneja, 2004). India awarded the title of Most Favorite Nation (MFN) to Pakistan as a trading partner. India can export different kinds of minerals like iron ore, steel etc, and transport equipments like motorcycles, scooters and passenger cars etc. Moreover it can also export textile and number of agricultural products. Whereas, Pakistan contributes in the exports like fruits, spices, pulses, nuts etc to India. India is more powerful and strong in its economic conditions as compared to economy of Pakistan. Energy sector cannot be ignored to promote Indo-Pak Cooperation.

3.2. Two Sided Conflicts and Tensions Prevailing among Countries

These are such conflicts that are between the member states or the neighboring states that may be due to the conflict in the laws and regulations that vary across the boundaries of the member states. These are the prudential regulations of each member state, such conflicts causes hindrance in the easy import and export of the trade essentials among the SAARC countries. Such conflicts can be handled by the mutual agreements among the SAARC member states. That will be beneficial for both of the bilaterally conflicting states.

3.2.1 India and Pakistan

The two prominent countries existing in the region, India and Pakistan are commonly known as traditional rivals, since 1947. The most important conflict is the Kashmir's issue. Pakistan, as a Muslim country, supports Kashmir's freedom slogan and this is the main reason why India opposes Pakistan strongly. The bitter relations between the countries were mounting day by day. Lack of trust between these two countries leads to low exports and imports. Trade relations are so weak. India supposes Pakistan as a terrorist's country for no reason. Wars of 1965, 1971 and Kargil war were broke between Pakistan and India. The conflicts between these two countries are still unsolved. Governments at both sides are trying to solve the problems and to improve trade relations for this purpose. Many policies are made but it is hard to implement these policies until the most important factor trust will remain absent. Struggles should be made by the higher authorities to create a trustworthy relationship between these two countries.

3.2.2. India and Sri Lanka

System relating to caste- 'inferiority of mankind' was very common in Srilanka in 1980's. India made many efforts to resolve this conflict in 1983. Indian government started to compassionate a specific class in Srilanka (Tamils) that raised many conflicts between these two countries. India was in favor of Tamils. India sent IPKF (Indian peace keeping force) in Srilanka to support Tamils that was displeasing for Srilanka and thus, Srilankans demanded for the termination of IPKF. In 1990, India started to help Srilankan government as a whole without keeping in view the specific class. The negative thinking of Srilankans about Indians was reduced to some extent and they started cooperation with each other.

3.2.3. India and Bangladesh

When Pakistan was established, India started supporting the East Pakistan (now Bangladesh). There are many conflicts exist between India and Bangladesh. Disputes were arisen on Farrakka barrage, on river island of Mahurichar, on building fence on the international border by India. All these issues are still unsolved. India opposed Bangladesh of being compassionate to Pakistan whereas Bangladesh blamed India for helping its specific states' rebels.

3.2.4. India and Nepal

There were bitter relationships between India and Nepal. Many of the conflicts were not resolved. There relations were so unfriendly when SAARC was constituted. Indian government opposed Nepal's step towards gaining atomic energy i.e. weapons from China. Indian government was afraid that if Nepal did so then it will lose its hold from Katmandu. The dispute between India and Nepal was very prominent but it had no affect on Indo Nepal relations. India supported Nepal when its political and economic condition was declining. Thus the relations between these two countries were made strong by their governments. (Khan et al., 2007)

3.3. Political Issues Relating to SAARC

SAARC does not interfere in the internal affairs of its member countries. It paid attention towards the major issues. In its 12th and 13th meeting, discussions were made for the better relationships of all SAARC countries. In a nutshell, SAARC is responsible for establishing strong trade relationships among its countries. Many conflicts are therefore exists among them on several issues. The higher authorities are trying to solve these problems and work for their better prospects.

4. Facilitations to Trade among SAARC

As there are a lot of obstacles in trade, that creates hindrance in the ways to imports and exports across the regional boundaries. Similarly, there are various ways to facilitate the trade across the member states, these facilitations may be provided by the governmental regulations or by the management of the SAARC. These facilitations help to promote as well as try to remove the obstacles in the way to trade among the SAARC member states. Promotion of trade under various prospects includes: political measures, competitive measures, trade integration.

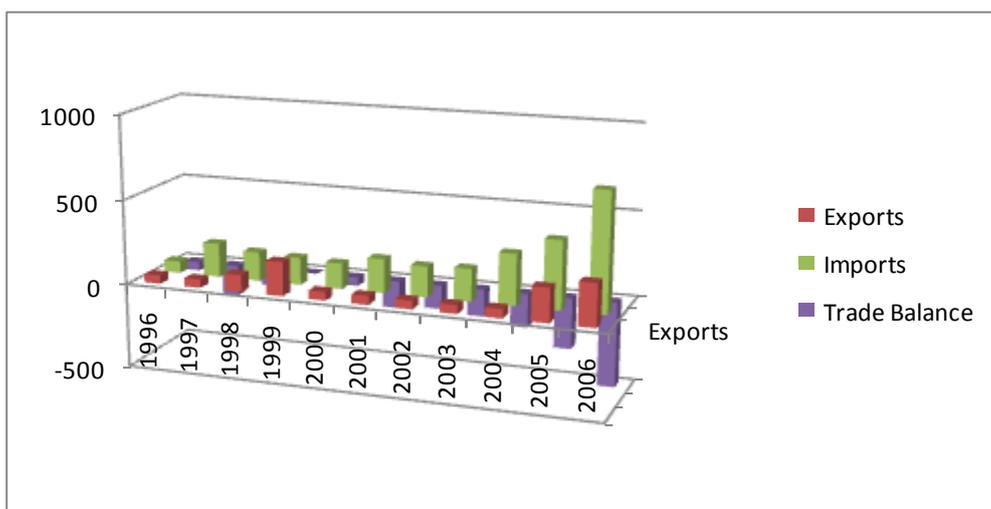
4.1 Political and Economic Measures

Combined efforts of Pakistan and India facilitate trade by solving political and economic issues. Their combined efforts improve trade by eliminating visa problems, tariff and nontariff obstacles, by exploring various other routes of trades and by developing relations among financial institutions. These efforts also help their nationals in performing their religious norms by clearing the path between Lahore and Amritsar where Nankana sahib is located (one of the religious leader of Sikh population all over the world). By the collaboration of Pakistan and India the amusement among both the countries is also enhanced by the permission of Indian films show in Pakistan cinemas. (Naqvi & Schuler, 2007)

4.1.1. Collaboration Leads to Increased Trade Flows

The MFN status provided by India enhances the trades of Pakistan i.e. very nominal amount of items were the part of Pakistan trade that has dramatically increased to a large amount of items. The list of such trade items is still not transparent by its rate increases to about 50%.

Figure 1: Pakistan-India Trade Has Increased Sharply over the 2004 to 2006



Source: SBP, Pakistan

4.1.2. Reforms of Economy and Institutions

For the purpose of enhancing the economic growth, reforms were brought into being by the beginning of 1998. These resources made Pakistan better able to take the liberalization concept forward progressively. Tariff rates that were increased dramatically in every passing year now move towards decline with each passing year up to 2006.

4.1.3. Sector-wise Decline in Tariff Rates

The tariff rates among various sectors of the economies of various member states of SAARC is declining very rapidly with the passage of years from 1995 to 2006 and up till now it is decreasing, that facilitate and enhance the trade activities over the borders of different member states. Lowest tariff rates are prevailing among the three renowned economies (Bangladesh, India, and Pakistan) among SAARC. At last the government minimizes the tariffs under the statutory regulations. In Pakistan tariff rates are reduced like that of the leading states of Nepal and Sri Lanka.

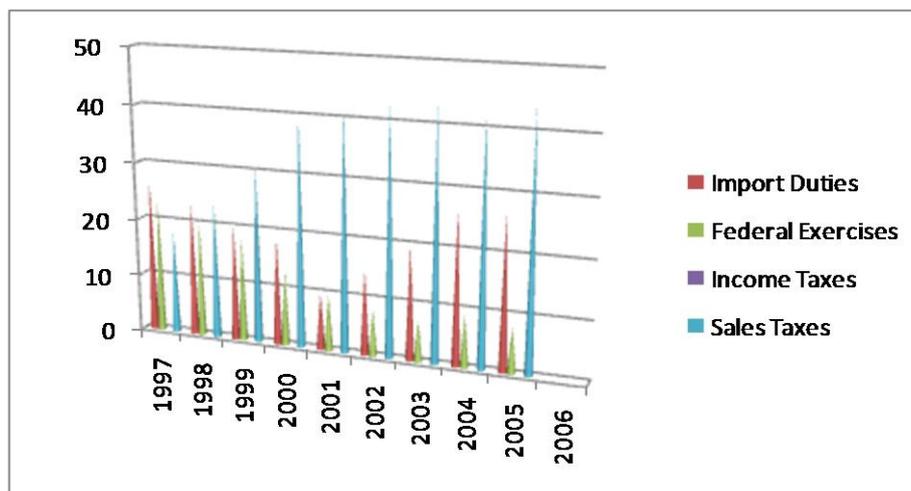
4.1.4. Import Tax Rates and Fiscal Reforms

The basis of tax rates are increased that make the government better able to manage the obstacles of import rates. Enhanced tax rates causes a lot of harms to all the sectors of the economy in the prospect of performance of the sectors but it provide clear ways to the illegal activities.

4.1.5. Enhanced Tax Basis and Elimination of Custom and Excise Rates

The rates available for trade i.e. for importing and exporting and the clearance charges of such trade items are reduced over the period of time in the past 15 years. There is a dramatic decline in these trade and clearance rates. But on the other hand there is an upward trend as seen in the local tax charges i.e. in the income tax and sales tax rates.

Figure 2: Government Dependence on Import Duties has declined since 1997



Source: World Bank staff calculations using FBR and State Bank of Pakistan data.

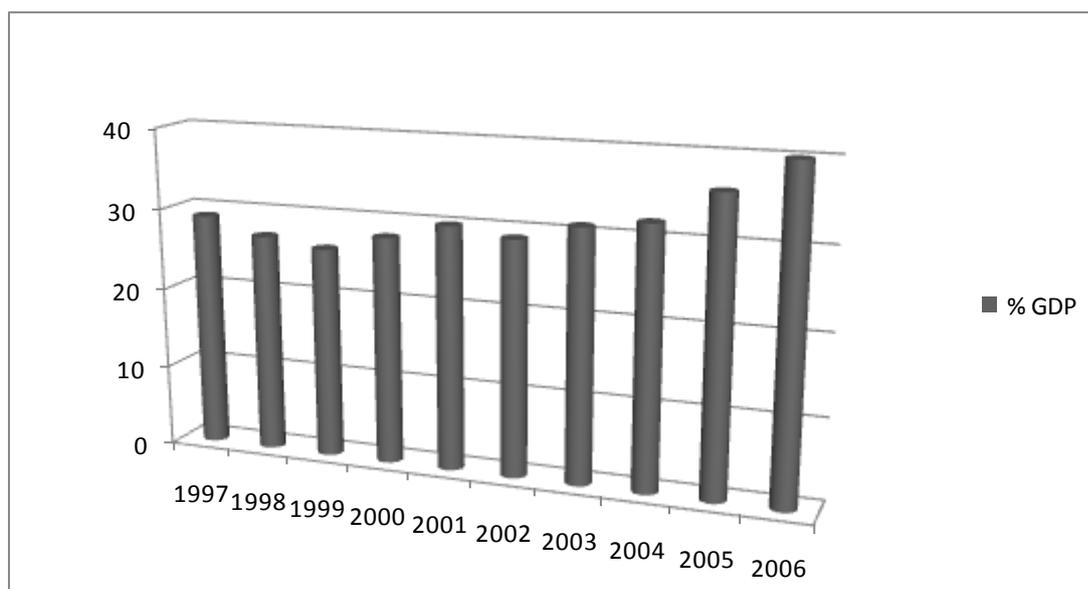
4.1.6. Tax Reforms, Trade Measures and Minimized Tariffs

Pak Revenue Admin Limited makes the management system of trade rates net based i.e. by the use of computerized techniques. It facilitate the traders to move via the feasible efficient path for the purpose of good clearance .Such a system enables the management to take better calculation of risk factors, the clearance time of the trade goods is minimized, and to promote trade.

4.1.7. Impacts of Applied Reforms

The size of economy is increasing dramatically by the fast upward trend in exporting the items, importing the essential and by the uphill investments. This all progress is just because of the relief in the tax rates and the increased intentions of the trade management to help the traders. The GDP growth rates are moving sharply down in the past year increases rapidly in the next phase then there is a decline in the year 2005-06 but the optimum rate is seen in the year 2004-05. Now there is a moderate rate reporting in the previous year. Trade clearance time is also reduced, this enhances trade openness in Pakistan which can be evidenced with the help of figure 3.

Figure 3: Pakistan's Trade Openness is increasing.



Source: World Bank Staff calculations from data in the *Pakistan Statistical Yearbook 2004*.

4.1.8. Enhanced Trade among The Member States and Enlargement of Economy Size

For the promotion of the trade, SAPTA is revised into a new agreement SAFTA that puts down the basis for the enhanced area in the world for the purpose of trade in such a region where there is maximum population. It provides the measures for the purpose of clearance of trade items across the regional boundaries of the member states, for enhancing the competition among the states and provides an effective trade mechanism for the member states. All the countries belonging to the SAARC gives the conformation for the acceptance of this trade agreement.

4.2. Facilitations Toward Trade Among SAARC by The Provisions of SAPTA

It helps in the settlement of trade rates across the regional borders i.e. tariff rates for the purpose of tax rate fixation on local level, Para-tariff are the tax rate fixation over international level. There are some other tax rates that are given other then the before mentioned rates called non-tariff rate. There are also some direct trade measures provided by this agreement that helps the mutual trade among the member countries. It facilitates dealing of this agreement with the LDCs i.e. it gives free tax or zero rates for the purpose of clearance of the trade items either exporting or importing the products across the member states. The restrictions implied by this agreement are also eliminated for LDCs. Shrestha, 1997 also discussed if any of the member states of SAARC facing the economic harms like obstacles in the payment clearance, trade facilitating measures eliminate different conditions provided by this agreement like the given volume and the value of trade items provided by the contracting agreements. If any relived item of trade harms the agreement parties or the member states, the importing regional country will eliminates that relief. If the origin of these regulations are confirmed, then relief on the trade items are eliminated provided under the legal provisions of this agreement. The legal regulations of this agreement help the collaborating regional states of SAARC to resolve the conflicting matters among the member states of this regional cooperation.

Recent measures stated in a meeting by the President of SAARC Chamber Of Commerce and Industry with the deep concern for trade between Pakistan and India

Tariq Saeed, the president of SAARC connotes that:

- The non government agencies and corporations take the progressives steps towards the trade and also taking steps towards the poverty alleviation.
- By developing trustable relations among the neighboring countries, SAARC leads towards achieving the high status globally.
- SAFTA resolved the tariff problems for the purpose of promoting the trade among all the member states, LDCs are zero rated among all the other member states of SAARC.
- Pakistan will be able to interact with a large population for the purpose of importing and exporting its goods.
- To overcome the monopoly created by the zero rated products of other member states, Pakistan has to bring the technological improvements for the purpose of achieving the improved productivity and having the competitive advantages over the products of other states.
- In the early sixties, Pakistan and China were at the same trade level but China promotes its trade with a rapid increased rate but the Pakistan is still on the way to progress.
- For the purpose of better management and for implementing reactive trade measures headquarters of SAARC are required to be built in Islamabad, for which funding is required.

Requesting the LCCI to make a confirmed booking of office for the purpose of spreading the network of the chambers of member states.

4.3. Positive Steps Towards Facilitation Of Trade In South Asia Role of WTO

Trade organizations providing trade facilities to the countries, which have become the prominent feature of that organizations. Chaturvedi, 2007 mentioned NGTF (Negotiating group for trade facilitation), worked for the development of underdeveloped countries and its basic purpose is to improve Articles V, VIII and X of GATT 1994. The main focus is on providing trade facilities to South Asian countries namely, Bangladesh, India, Pakistan, Nepal and Sri Lanka.

4.3.1. Bangladesh

National Board of Revenue (NBR) of Bangladesh works under Internal Resources Division (IRD). NBR has the authority of making policies and implementing tax structure in Bangladesh. The solutions for enhancing trade are explained in the articles which are given below

Legal Regulations

- Nepal and Bhutan, which are entirely occupied by land, wanted to use the sea ports of Bangladesh. Bangladesh is not situated near these two countries. The solutions relating to documents filing, securities, guarantees, charge on goods transport are not clearly explained in this article. (Article V).
- There was clear cut fee and charges on goods import and export, these charges are in the form of flat rates. The payments are made through automated software guided by World Bank. For the establishment of customs modernization plan, an EDI system was formulated in Bangladesh. (Article VIII).
- Government of Bangladesh made efforts for making trading process much easier. All the information was readily available on internet i.e. charges, duties, tax etc. That helps in saving time and the system of making appeals to higher authorities was introduced for the convenience of trading parties. (Article X).

4.3.2. India

Central Board Of Excise and Customs (CBEC) in Bangladesh is the authority of deriving solutions for trade enhancements, which are clearly explained in the articles given below

Legal Regulations

- Indian customs worked for making trade procedures much easier. Customs are for making strong trade relations among countries. Tax free structure on goods transport was introduced by India. A trade agreement has been signed by India and Nepal, and with Bhutan an agreement was signed in 1995. Struggles are carried out to make agreements with Afghanistan. (Article V).
- Several measures were adopted by the customs department to make convenient trade process. A system has been introduced for publishing data quarterly. The ministry of commerce and trade are making efforts for the advancement of trade in India (Article VIII).

All the policies and procedures introduced by the Indian Government are available on the websites which were launched by Central Board of Excise and Custom. Furthermore the system relating to measures of controlling risk was also introduced. It is elaborated in Article X.

4.3.3. Nepal

Many reforms were made in Nepal for the development of trade in 1985. Efforts also were made to form Inland clearance depot at various points. Possible trade measures given in the articles are:

Legal Regulations

- Trade facilitation measures were introduced. Trade agreement was signed between India and Nepal for better convenience. Efforts are also made for improving infrastructure to facilitate trade. But for the reason that Nepal is entirely occupied by land, many features of this article are not suitable for it (Article V).
- Fees structure is readily available on internet to help traders. Free information was provided to them. However, the information regarding to rules and regulations were kept confidential (Article VIII).
- A website containing all the information regarding trade was launched by the customs department. The anticipated changes and future plans were not published there. Moreover, customer care centers were established for providing help to the customers (Article X).

4.3.4. Pakistan

Ministry of Commerce, Trade Development Authority of Pakistan (TDAP) and Federal Board of Revenue are responsible for the development of trade in Pakistan. Trade of Pakistan is very low. Possible measures are made by the government of Pakistan to establish trade reforms for its enhancement. Trade facilitation measures are discussed below:

Legal Regulations

- National Trade and Transport Facilitation Projects were launched in Pakistan to develop trade that helps to make the trading project easy and convenient (Article V).
- Training centers were established for the guidance of traders. Relations among countries were made strong for better trade. Online information system was introduced. Hence advanced trade methods were used for facilitation (Article VIII).
- Policies related to trade are widely available on internet, tracking system was introduced, risk controlling measures were established and paper transactions were minimized due to the availability of internet (Article X).

4.3.5. Sri Lanka

Department of Commerce of Sri Lanka has the authority to work for the trade enhancement. The steps taken by the department in the articles are given below:

Legal Regulations

- Article V gives easy procedures for the clearance of transported goods. The audit of late arrival has also been conducted. Measures were taken for the controlling of risks anticipated in the trade.
- Online payment system was introduced along with same fee structure for all kind of traders. Duties were minimized on imports and exports. The filing of documents was made simple only for the convenience of traders, so that they can easily work for the better prospects (Article VIII).
- Introducing that the internet facility has made trading process much and more easy. All rules, regulations and all types of trade information are available there. Many trade agencies have their own websites for providing information to the concerned traders (Article X).

5. Conclusions

This literature supports the major contribution of SAARC in the promotion of trade. Discussion begins with basic trade agreements that play a very important role in the promotion of trade. These agreements give the detailed regulations for trade like the import and export duties etc. Replacement of SAFTA into SAPTA improved the trade regulations that better enable the member states to trade their essentials across the boundaries. The recent trade agreement between Pakistan and Afghanistan is a call to promote trade named as APTTA. Pakistan will make progress in its trade line and now is able to offer its goods globally. The main focus of the study is on the barriers and facilitations of trade among SAARC the main barrier to trade among SAARC includes policy hinge and security issues and the democratically issues that includes the spillover effects including smuggling of weapons, health security environment, issues of Indo-Pak corporation, and bilateral conflicts. Conflicts includes Kashmir issues, Kargil war, terrorism, issues of inferiority of mankind, displeasing “Indian Peace Keeping Force”, contention on Farraka barrage and atomic energy crisis. After these bilateral conflicts some of the most importantly affecting geopolitical and institutional hurdles are discussed in detail. Literature highlights the measures that enable the member state to maintain the trade relations. SAFTA provides detail list of facilitations of trade among the regional states that includes the legal regulations of this agreement.

There should be strong trade relations among countries which contributes a lot towards their development. Trade centers are established in the countries where trade level is low. Policies are made and implemented for strengthening trade in various countries. Positive steps are taken including reducing taxes, duties and charges on imports and exports. World Trade Organization (WTO) worked for the enhancement of trade in under developed countries. Summing up the research study in only few words of a line, the most important role played in trade among SAARC is by SAFTA that gives detailed improved measures of trade and help the member states to precede their trade progressively and also give prompt measures to trade among SAARC. S. Wilson & Otsuki, 2007 also supported the research study. Limitations are the inappropriate policies of SAARC and the unfruitful amendments in the agreements of SAARC. Like the article 10 (general provision) of SAARC policy disallows the discussion of bilateral conflicts. It also includes the violation of democratic values of consensus like the postponement of 11th summit, scheduled to be held in November 1999(The Daily Independent, Dhaka December 26, 2001). Further research studies could highlight the changes in the existing agreements of trade among SAARC states as well as on the new trade promoting agreements of SAARC.

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