

**ADB-ESCAP BPA Study**

**SASEC Trade and Transit Corridors**  
***Overview and Major Findings***

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**SASEC Stakeholder Workshop on**  
**Subregional Trade and Transit Collaboration**

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# Outline

- Overview of SASEC trade
- BPA rationale
- Selection of products
- Major findings
- Conclusions

# **SASEC Trade**

# SASEC trade

- Four countries
  - Landlocked – 2
  - LDC – 3
- Relatively open economies
- India's trade with SASEC: US\$ 8 billion in 2011
  - Export: US\$ 7 billion
  - Import: US\$ 1 billion
- High trade potential, but largely unrealized
- Trade facilitation can unlock the trade potential

# Trade openness in SASEC

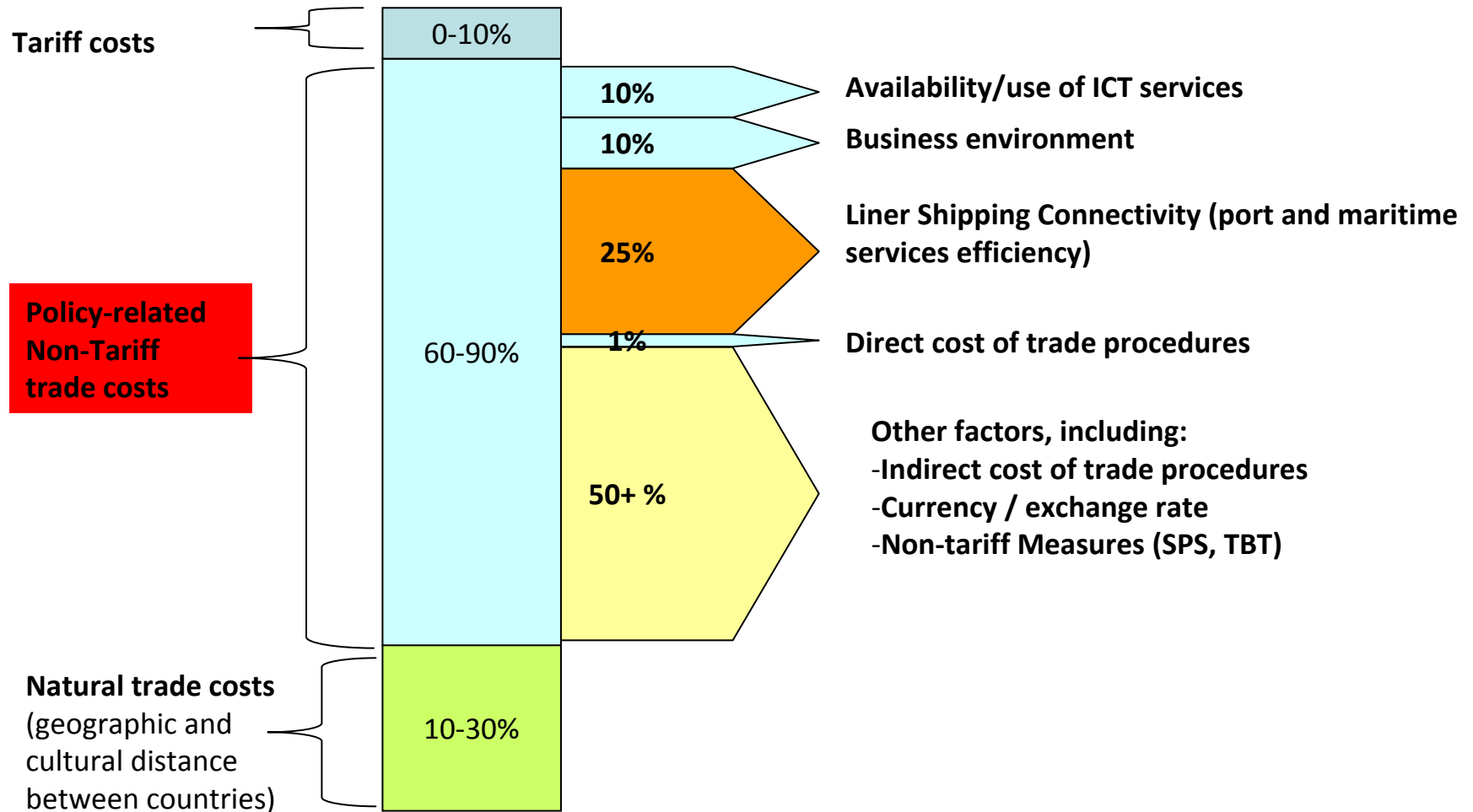
Country	Indicator	1991	2000	2011
<b>Bangladesh</b>	<b>Trade (% of GDP)</b>	<b>18.89</b>	<b>33.21</b>	<b>53.91</b>
Bangladesh	Trade in services (% of GDP)	3.64	5.17	7.11
Bangladesh	Merchandise trade (% of GDP)	16.48	32.41	54.85
<b>Bhutan</b>	<b>Trade (% of GDP)</b>	<b>74.21</b>	<b>81.83</b>	<b>136.72</b>
Bhutan	Trade in services (% of GDP)			
Bhutan	Merchandise trade (% of GDP)	59.94	65.03	92.96
<b>India</b>	<b>Trade (% of GDP)</b>	<b>16.69</b>	<b>26.54</b>	<b>54.49</b>
India	Trade in services (% of GDP)	3.96	7.56	14.28
India	Merchandise trade (% of GDP)	13.89	19.78	40.45
<b>Nepal</b>	<b>Trade (% of GDP)</b>	<b>34.68</b>	<b>55.71</b>	<b>41.70</b>
Nepal	Trade in services (% of GDP)	10.81	12.85	8.71
Nepal	Merchandise trade (% of GDP)	25.35	43.26	35.53

Source: World Development Indicators, World Bank

# Economic impact of bottlenecks in business processes of trade

- **Each additional day of delay (e.g. because of trade logistics procedures) reduces trade by at least 1%** [Simeon Djankov, Caroline Freund, and Cong S. Pham. (2007). *Trading on Time*. Washington, D.C.: World Bank]
- **Direct and indirect cost from import/export-related procedures and required documents is about 1-15% of product cost** [OECD. (2003). *Quantitative Assessment of the Benefits of Trade Facilitation*. Paris: OECD Publications]

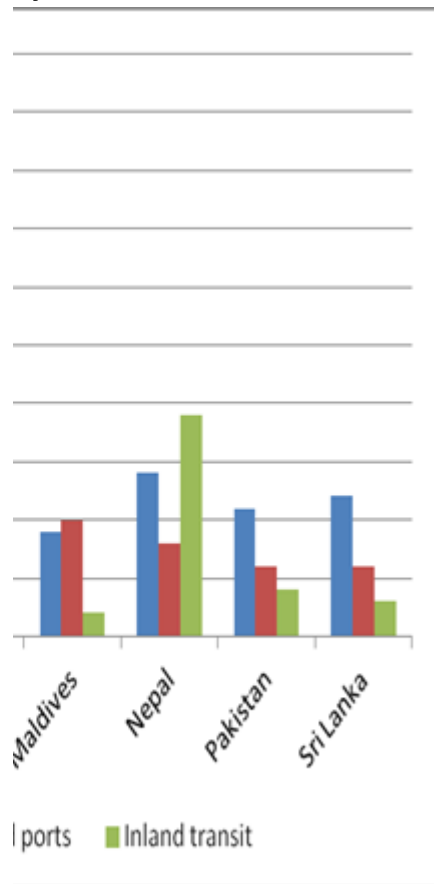
# What explains changes in the trade costs across countries?\*



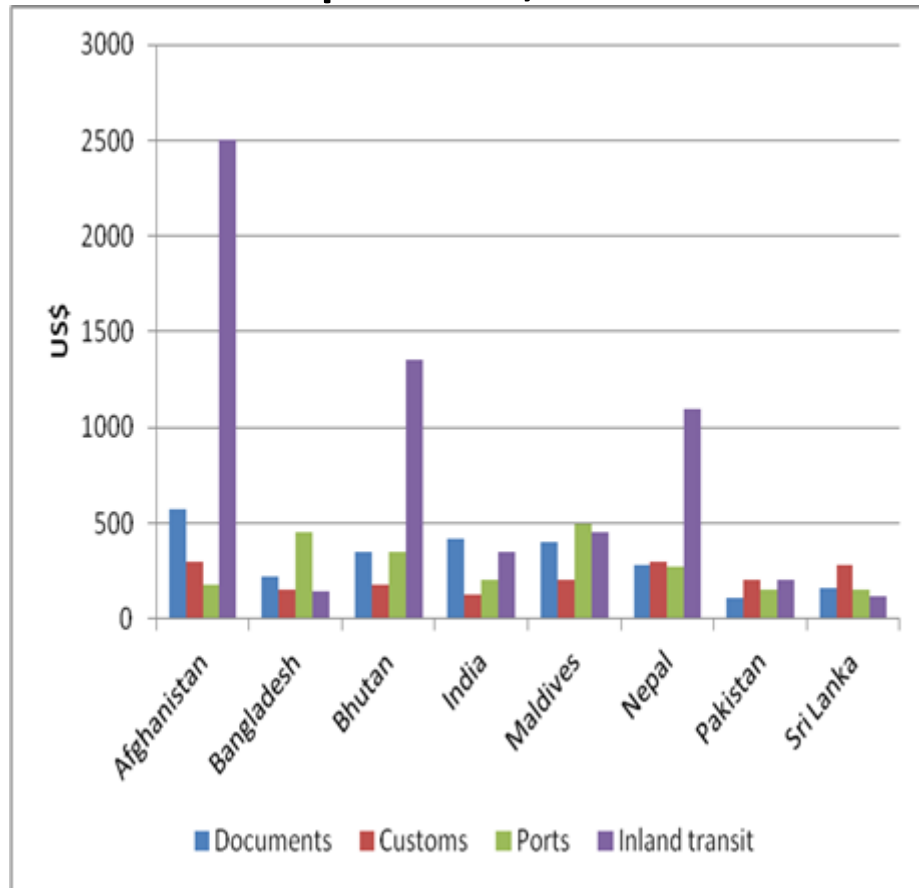
\*simplified representation based on Duval and Uthoktham (2011)

# related non-tariff trade costs are important in South Asia

Figure 1. Export Cost, 2011



Export Cost, 2011



Database, World Bank

[https://www.yunbaogao.cn/report/index/report?reportId=5\\_7367](https://www.yunbaogao.cn/report/index/report?reportId=5_7367)

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