

## South Asian Free Trade Agreement (SAFTA): Its Prospects and Socio-Cultural Impacts on Pakistan

Tariq Hameed Bhatti<sup>1</sup>, Abdul Aziz Taga<sup>2</sup>

<sup>1</sup> Higher Education Department, Government of the Punjab,

<sup>2</sup> Department of Sociology, Government College of Science,  
Lahore, PAKISTAN.

<sup>2</sup> [azeztaga@gmail.com](mailto:azeztaga@gmail.com)

### ABSTRACT

*SAARC countries shares the almost 20% human population of the world and Pakistan and India are the major players of the region amid with tension and hostility with each other on many geopolitical issues since their independence. Regionalism has gained importance in the world and countries are coming closer to each other by making certain agreements on the basis of common economic and sociocultural interests and European union is the one of the example. In the same fashion, Pakistan and India has signed SAFTA (an agreement for regional trade, peace and reducing barriers) which is beneficial for the socioeconomic development of the entire region. This agreement can be made more effective if certain measures can be taken for its betterment.*

**Key words:** SAFTA, Regionalism, SAARC, Socioeconomic development

### INTRODUCTION

The South Asian Association for Regional Cooperation (SAARC) comprising seven South Asian countries; Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka was formed in 1985 with the adoption of its Charter at its first Summit in Dhaka, Bangladesh. It was created for the purpose of holding periodic, regional consultations on matters of mutual interest and to explore the possibility of cooperation in economics, social, cultural and other fields. The rationale was based on the success of similar regional groupings elsewhere and strength of the concerted action in international representation with enhanced competitive position ensued.

Following the Sixth SAARC summit held in Sri Lanka in 1991, an Inter-Governmental Group (IGG) was set up to prepare an agreement to establish a South Asian Preferential Trade Arrangement (SAPTA) by 1997. The framework agreement on SAPTA was approved in 1993 and implemented in December 1995, two years ahead of the scheduled. SAPTA is a preferential trading arrangement, aims at promoting and sustaining mutual trade and economic cooperation through exchange of concession within the region through step-by-step approach. SAPTA was seen as a first step towards South Asian Free Trade Area (SAFTA) which was initially planned to establish before 2005. It was anticipated that SAPTA will facilitate greater specialization and cost reduction generating substantial trade creation in the region in the view of significant tariff reductions and removal of other non tariff barriers (NTBs), given the existing complimentary in resource endowment, technical know-how and expanding production capability.

This paper aims at detecting the implication of South Asian Free Trade Area (SAFTA) on South Asia. However, the core consideration is to underline the key points of SAFTA and its social, economic and political benefits along with its impacts on the region. An effort has also been made to logically analyze the agreement and pinpoints the regional trade aspects. This

paper also focused on the opportunities and threat to Pakistan in the consequence of this agreement. On the basis of this, certain policy recommendations have also been documented in this paper.

## **OBJECTIVES OF THE STUDY**

The present study may have the following objectives:

1. The key objective of the study is to critically examine the salient features of SAFTA and identify the shortcomings in it.
2. After absolute implementation of SAFTA, free trade between the member countries will take place which may not be beneficial for all members. Especially it is assumed that the India might eat the economies of the smaller countries like Bhutan, Maldives and Nepal etc. So these kinds of apprehension will be analyzed and socio-cultural, political and economic impacts of the agreement on the region will also be accounted for in this study.

## **REVIEW OF THE RELEVANT LITERATURE**

Many studies attempted to shed light on the economic integration in South Asian region. Mehta and Kumar (2004) argued that signing of SAFTA agreement was a landmark in the evolution of SAARC since its formation in 1985. SAARC would benefit from regionalism if its cooperation would extend beyond formal trade. Dhungel (2004) noted that actual progress and achievement in implementation of SAARC agendas were considered very insignificant. Jhamb (2006) supported Dhungel's view and argued that it was primarily due to the tenuous political relations between India and Pakistan and a general environment of mistrust among member countries. However, by using a gravity model, Rahman, et al. (2006) showed that elimination of trade barriers and structural rigidities originating from adverse political relationship could lead to substantial increase in intra-SAARC trade. Pitigala (2005) found that the trade structures that evolved among the South Asian countries might not facilitate a rapid increase in intraregional trade due to weak trading relations among the SAARC countries. This view was supported by a study of Baysan, et al. (2006). They argued that the economic cases for SAFTA were relatively weak. From an economic standpoint, neither a qualitative argument nor a quantitative assessment that was available to give one reason in order to feel enthusiastic about the arrangement. Moreover, compared to the rest of the world, this region was tiny both in terms of economic size as measured by GDP (and per capita income) and the share in the world trade. Therefore, trade preferences to the regional partners would likely be leading to a consequence of trade diversion rather than trade creation. Similarly, Das (2007) argued that evidence of trade complementarity in South Asia is mixed, so preferential trading initiative was based on a weak proposition. Recently, New farmer and Pierola (2007) found that the arrangements of preferential trading in South Asia including SAFTA fell short of their potential because of product exemptions, special arrangements for selected products and restrictive rules for point of origin. Therefore, though upside potentials for SAFTA were great, benefits from this trading arrangement were uncertain. So, the policy makers will require relentless determination to make it successful in future.

## **HYPOTHESIS**

The key hypothesis is:

The intra regional trade has always been beneficial and posed positives impacts on the social, political and economic climate of the region. Political and cultural disputes have been settled

in the pursuit of common economic objectives. For instance, NATO, EU, China-Japan Agreement and China-India border agreement etc. in the light of the above, it is envisaged that the said agreement will also be beneficial for the political, social and economic activities within the region. Chronic disputes within the region i.e. Kashmir, Siachin and Sir creek between India and Pakistan, Tammil Sinhali;s issue between India and Sri Lanka etc are key in it. Infrastructures and human resources may also be developed by initiating common projects like India-Pakistan-Iran (IPI) gas pipe line project between the member countries.

South Asia is considered the most sensitive nuclear flash point in the world. People of the region are always under the constant threat of nuclear war between traditional fighters i.e. India and Pakistan. With the implementation of SAFTA and establishment of common economic and social joint ventures in the consequence of this agreement, the threat of War (nuclear and non-nuclear) will definitely be reduced when there would be no important political issue left unsolved. Hostilities of the countries will be converted into friendship, resources which are being used to become a military might will be used for providing education, reducing poverty, increasing health facilities, providing safe drinking water and meeting future energy shortage etc.

Presently, all countries are meeting their shortage of goods from other regions by adopting different routes which are quite expensive and their carriage cost is also high. After SAFTA, most of the needs of the member countries will be available without tax and tariff which reduce the trade regional deficit.

## **METHODOLOGY**

The present study has been conducted by using primary and secondary data collected and organized by different international (WTO, IMF, IFC and the World Bank), regional (SAARC, ADB, JICA and JBIC), national (CBR, Ministry of Commerce, EPB, Custom House Karachi and PIDE) and private research organizations (PILDAT etc) working on SAFTA. Tertiary sources of data, where necessary but subject to reliability, have also been used. The data so retrieved has been sifted, collated and organized in a logical sequence for drawing conclusions. Tabular explanations of the data have also been made wherever needed. On the basis of the data analysis, certain conclusions have also been drawn and policy recommendations have also been suggested in the light of the conclusions.

## **SAFTA – Overview and Objectives**

### ***A Sketch of SAARC Region***

In recent years, South Asia has been the second fastest growing region in the world. Yet it remains as the region with the largest number of people living in poverty. Having more than 22 per cent of the world's population living on only 3.8 per cent of the total land area of the world, it is home for more than half a billion poor people, or 40 per cent of world's poor (see Table 1 for a comparison with other regions). As shown in Table 1, its shares of world nominal GNP and GNP measured at purchasing power parity (PPP) are very small (around 2 and 7 per cent, respectively). Its share in total world trade is even smaller, only about one percent. Although trade barriers are high, recent economic reforms have lowered some barriers on trade and investment, and have raised economic growth considerably (see Bandara and McGillivray, 1998 and Panagariya, 1999 for an overview of trade reforms in the region). With recent economic reforms, countries in the region are promoting economic integration for economic prosperity under the banner of SAARC.

With recent economic reforms, countries in the region are promoting economic integration for economic prosperity under the banner of SAARC. Basic macroeconomic data for individual countries in the region to identify member countries' special features. There are differences between countries in the region in terms of the size of population, area and GNP. It is obvious that India is the biggest economy in the region in terms of shares of population, area and GNP (76, 33 and 76 per cents, respectively). On the other extreme, countries like Bhutan and Maldives are very small and their sizes of population, area and GNP are rather negligible. In between these small economies and India, only Pakistan can be identified as an influential country in the region. Economic growth rates of all these countries in recent years have been satisfactory, if not excellent.

South Asia accounts for nearly 21% of the total world population. However, its share in the global GDP is less than 2%. The region is home to the world's 400 million poor, which means nearly 30% of the region's population lives below the poverty line.

**Table 1. Indicators of Poverty And Mortality In South Asia**

Region	Share of people living on less than \$1 a day (2001)	Child Mortality Rate per 1,000 live births (2002)	Maternal Mortality Ratio per 1,00,000 live births (2000)
East Asia and Pacific	15.6%	42	115
Europe & Central Asia	3.7%	37	58
Latin America	9.5%	34	193
Middle East & N. Africa	2.4%	54	165
South Asia	31.1%	95	566
Sub – Saharan Africa	46.5%	174	917
Europe EMU	-	6	10

Source: World Development Indicators, 2004

All SAARC countries have a rather low ranking on the *human development index (HDI)*

**Table 2. HDI Index in South Asia**

Country	Maldives	Sri Lanka	India	Bhutan	Bangladesh	Nepal	Pakistan
Index	0.74	0.74	0.57	0.49	0.47	0.49	0.49

Source: UNDP, Human Development in South Asia 2002 Oxford

### Level of Intra-Regional Trade

Despite difficulties of obtaining reliable data on South Asian intra-regional trade, mainly because of illegal cross-border trade, available published trade data indicate that the level of intra-regional trade in South Asia is insignificant. Compared to the high level of intraregional trade in other regions in the world, the low level of South Asian intra-regional trade is not an encouraging sign for establishing a FTA. Table 3 provides a comparison of intra-regional exports in South Asia with some other regional initiatives around the world. It shows that South Asia has the lowest intra-regional exports share in the world. While the share of intra-regional trade in South Asia's total trade has declined from 3.5 per cent to 2.4 per cent

between 1970 and 1990, it has shown moderate rise from 2.4 per cent in 1990 to 4.6 per cent in 1999 (exact numbers in Table 5). Still, the share of intra-regional trade in South Asia is well below that of other PTAs.

The other important trend, as can be seen from Table 3, is India's growing trade surplus with other SAARC countries. India is the biggest country in the region and its exports to other SAARC countries (except Pakistan) have continuously increased. While the share of India's exports

**Table 3. Shares of Intra-Regional Export in Total Regional Export, per cent**

Country	1970	1975	1980	1985	1990	1995	1999*
<i>Exports</i>							
Bangladesh	N.A.	2.4	9.1	7.7	3.6	2.6	2.2
India	3.9	3.7	3.5	2.9	2.7	5.0	5.5
Nepal	61.9	81.1	38.1	38.5	6.9	8.7	27.7
Pakistan	1.5	6.8	6.3	5.3	4.0	3.3	3.3
Sri Lanka	3.2	9.0	6.8	3.7	3.1	2.7	2.6
South Asia	3.7	5.1	4.8	4.0	3.1	4.4	4.9
<i>Imports</i>							
Bangladesh	N.A.	7.9	3.7	1.3	7.0	17.7	14.7
India	1.4	0.9	1.0	0.7	0.4	0.6	0.6
Nepal	73.6	62.0	48.0	32.5	11.5	9.9	33.4
Pakistan	0.5	2.8	2.1	1.7	1.6	1.3	1.8
Sri Lanka	12.4	6.9	6.3	6.3	6.6	10.3	13.8
South Asia	3.3	3.2	2.3	1.7	1.8	3.6	4.3
<i>Total Trade</i>							
Bangladesh	N.A.	6.9	4.9	3.0	5.9	10.1	8.5
India	2.7	2.0	1.9	1.5	1.4	2.8	3.2
Nepal	70.3	67.3	45.7	34.4	10.0	9.3	30.6
Pakistan	0.9	4.1	3.5	2.9	2.6	2.3	2.6
Sri Lanka	8.1	7.8	6.5	5.2	5.1	6.5	8.2
South Asia	3.5	3.9	3.2	2.6	2.4	4.0	4.6

Source: Computed from Direction of Trade Statistics Yearbook (various issues), IMF.

\*: This is the most recent

to the region in its total exports has increased from 3.9 per cent in 1970 to 5.5 per cent in 1999, its import share from the region has declined from 1.4 per cent to 0.9 per cent during the same period. This shows that India's role in attracting imports from the other South Asian countries is limited. Overall, very small South Asian intra-regional trade is not favorable.

The share of South Asia in total Asian exports and imports is merely 3.6% and 4.7%, respectively. Not only is global trade volume of SAARC member countries small, intra-region trade is also low. Intra-SAARC trade in fact accounts for only 4.9% of the total trade in the region. The trade between two largest economies of South Asia i.e. India and Pakistan in 2003-2004 remained meager. Pakistan's exports to India were 0.76% of its total exports, whereas %age share of imports from India to Pakistan in total imports of Pakistan was 2.47%.

**Table 4. Pakistan's Trade with India**

<i>Year</i>	<i>Total Pakistan Exports</i>	<i>Exports to India as %age of Pakistan's Total Exports</i>	<i>Pakistan Total Imports</i>	<i>Imports from India as %age of total imports</i>
1998-99	7779	2.4	9431.7	1.63
1999-00	8568.6	0.626	10309.4	1.23
2000-01	9201.5	0.602	10729	2.22
2001-02	9134.6	0.536	10339.5	1.80
2002-03	11162	0.63	12220.3	1.36
2003-04	12273	0.76	15473.1	2.47

Note: (\$ in Millions)

Source: Federal Bureau of Statistics, Export Promotion Bureau, Ministry of Commerce, Indian Economic Survey, 2003-04

Low trade volume between the two countries, however, does not mean that there is lack of demand for each other's goods as both countries have an informal trade of about \$ 2 billion as indicated in Table 4 (below). The poor formal trade performance of SAARC stands in marked contrast with that of the neighboring regional alliance i.e. Association of South East Asian Nations (ASEAN).

**Table 5. India's Informal Trade with South Asia**

<i>Country</i>	<i>Export (X)</i>	<i>Import (M)</i>	<i>Trade Balance (X-M)</i>	<i>Total Trade (X+M)</i>
Bangladesh	299.0	14.0	285.0	313.0
Sri Lanka	185.5	21.8	163.7	207.3
Pakistan	1600	400	+1600	2000
Nepal	180.0	228.0	-48.0	408.0
Bhutan	31.3	1.2	30.1	32.6
Total South Asia	-	-	-	2960.9

Note: (\$ in Millions); X denotes exports while M denotes import.

Source: South Asian Journal, Apr-June-2004 / WB Report 2004

## **Objectives and Principles of SAFTA**

1. The Objectives of this Agreement are to promote and enhance mutual trade and economic cooperation among Contracting States by, inter-alia:
  - a. Eliminating barriers to trade in, and facilitating the cross-border movement of goods between the territories of the Contracting States;
  - b. Promoting conditions of fair competition in the free trade area, and ensuring equitable benefits to all Contracting States, taking into account their respective levels and pattern of economic development;
  - c. Creating effective mechanism for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
  - d. Establishing a framework for further regional cooperation to expand and enhance the mutual benefits of this Agreement.
2. SAFTA shall be governed in accordance with the following principles:
  - a. SAFTA will be governed by the provisions of this Agreement and also by the rules, regulations, decisions, understandings and protocols to be agreed upon within its framework by the Contracting States;
  - b. The Contracting States affirm their existing rights and obligations with respect to each other under Marrakesh Agreement Establishing the World Trade Organization and other Treaties/Agreements to which such Contracting States are signatories;
  - c. SAFTA shall be based and applied on the principles of overall reciprocity and mutuality of advantages in such a way as to benefit equitably all Contracting States, taking into account their respective levels of economic and industrial development, the pattern of their external trade and tariff policies and systems;
  - d. SAFTA shall involve the free movement of goods, between countries through, inter alia, the elimination of tariffs, para tariffs and non-tariff restrictions on the movement of goods, and any other equivalent measures;
  - e. SAFTA shall entail adoption of trade facilitation and other measures, and the progressive harmonization of legislations by the Contracting States in the relevant areas; and
  - f. The special needs of the Least Developed Contracting States shall be clearly recognized by adopting concrete preferential measures in their favor on a non-reciprocal basis.

## **Perceived Sociocultural Impacts of SAFTA on Pakistan**

SAFTA also have innumerable positive sociocultural impacts and some of the important are as hereunder:

### ***Improvement in Standard of Life***

With the implementation of SAFTA, there will be a competitive environment between the producers which will result in elimination of monopoly and over profiting, hence perishable and daily useable goods and products will be available to the people at relatively at cheaper. Resultantly, standard and quality of the life of the people in the region will also increase.

### ***Reunification of Muslims of India and Pakistan***

In the consequence of SAFTA, it is assumed that the political and ethnic conflicts and contradictions between India and Pakistan will be defused. Presently Muslims of India are the victims of communal discrimination in every walk of life. Gujrat riots can be stated as one of the latest and cruel example of it. SAFTA will soften the attitude in the state of India for the Muslims which will result in reunion of the Muslims of India and Pakistan.

### ***Reduction in Distortion of Image at National and International Level***

It is historically proved that economic unions led the nations into political and social union. Economic interests have appeared to be one of the supreme interests for the nations to be pursuit. Presently, India and Pakistan are traditional allies and counterpart. Both sates have history of playing *blame game* related to crime, terrorism, violence, ethnic and religious clashes, and promotions of *Jehadis* etc, between each other at national and international level. This act of blame from both sides has distorted the images at national and cosmopolitan level. After SAFTA, it is evident that this kind of act may not be repeated again.

### ***Regional Image***

Presently south Asia is assumed as the hub of poverty, illiteracy, ethnic and gender biases, sanctuary of terrorism, production factory of drug, nuclear flash point etc at international level. Tourists and investors are reluctant to directly invest in the business of the region. After reduction in political tension in the result of SAFTA, it is expected that the regional image will be boosted in the global scenario and the real core issues of the region will be addressed. Foreign directed investment will also be increase especially in the case of Pakistan.

### ***Exchange of Students and Educational Activities***

Presently India and Pakistan have no formal agreement on the student exchange program; rather Indian degrees are not recognized in the country and vice versa. Any other educational activity is also and has been restricted between educational institutions. After SAFTA, it may possible that student exchange program may be signed and sharing of information and knowledge started. In this way, people to people contact will be at high level which will result in softening the attitudes of the citizens of both states for each other.

## **CONCLUSION**

On the basis of the above mentioned facts, it is concluded that the SAFTA has positive impacts on the socioeconomic conditions of the people of South Asia. A huge share of the economic resources of major players (Pakistan and India) spent on defence and maintaining balance of power in the region instead of spending on poverty reduction, improving literacy and other socioeconomic indicators.

## **RECOMMENDATION**

### **Reduce Sensitive Lists**

Signing a RTA does not automatically produce positive results in increased trade and growth. Two types are errors are evident. History is littered with cases in which RTAs, once signed, have produced little because countries did not translate their good intentions into actual reductions in their border barriers, but instead allowed interest groups to exempt large segments of their economies from accord. And large sensitive list does not allow the member countries to pile up the products which and wherever needed. Therefore, sensitive lists of the



countries may be reduced and only highly sensitive products may be included in it to make this agreement more beneficial to the masses of South Asia.

### **Reducing MFN Border Barriers**

Successful agreements were often preceded-or accompanied-by unilateral efforts among members to reduce external protection. Reducing trade barriers vis a vis the rest of the world creates an incentive for all the members to export, augments competition that drives productivity and spurs all firms to look for new markets abroad. Moreover, low tariffs allow exporting firms to import necessary inputs at international prices and permit them to be competitive in foreign markets.

Moreover, exports to non-members also tend to draw in imports from neighbouring countries and regional trading partners, and eventually foster production chains. Growth of trade with rest of the world is often correlated with intraregional Integration. High border barriers are inconsistent with removing bias against exports that is necessary to drive expansion of exports into global markets. It is therefore suggested that border between member countries, especially India-Pakistan should be reduced just to make this agreement more practical and equally beneficial to all members.

### **Exploiting Complementarities**

North-south agreements have shown more consistent success because the opportunities to exploit different comparative wage rates, capital availability, technological levels that give rise to differing factor proportions in production. This explains part of NAFTA's success. For SAFTA it may well be that the opening up of India could offer substantial complementarities to the other smaller economies of the region that would, for many products, offer some of these same advantages compared to some South-South agreements in Africa. So it is the responsibility of India and Pakistan being the eldest brothers of the region to allow such kinds of complementarities to each other and also to the weaker and smaller member countries.

### **Minimizes Creative Destruction**

Regional integration can only be successful if trade actually creates trade only, and unleashes new competition that lowers domestic prices, regional biases, political disputes and provides new technology. As with all trade, this involves economic, social and technological change, the process of creative destruction necessary to drive productivity. So while implementation of the agreement, this may be in the eyes of the watchmen of this agreement to avoid such kind of competition.

### **Reduce Competition in Services**

Successful integration has usually been associated with new competition in services. Lowering the costs of telecommunications, finance, business services and retail and wholesale commerce has been a driving force of productivity gains in many countries around the world. Competition can foster better and faster service delivery across a broad range of services and the entrance of new foreign investment has, under proper regulatory conditions, spurred competition. Competition has also driven the domestic adoption of new technologies in communication, financial services and transportation, directly enhancing the competitiveness of a country's exports. Because of the forward linkages these sectors have in the economy, improved service sector performance will have a positive productivity increasing effect across the entire economy as a whole. This should also be kept in mind and necessary consideration may be given to this issue.

## Trade Facilitation

Integration is likely to be most successful when partners streamline border transactions through trade facilitation. As in services, efforts to increase legal, procedural, codal and economic efficiency within the region often spill into trade outside the region as well because improving customs or ports necessarily applies as much to extra regional trade as it does to intraregional trade but the regional trading agreement needs to be spurred towards facilitating trade.

## REFERENCES

- [1] Aggarawal, M., & Pandey, P. (1992). Prospects of Trade Expansion in the SAARC Region. *The Developing Economies*, 30(1), 3-23.
- [2] Bhagwati, J. (1992). Regionalism vs. Multilateralism. *The World Economy*, 15(5), 535-6.
- [3] Bhagwati, J. (1993). Regionalism and Multilateralism: An Overview. In J. de Melo and A. Panagariya (eds), *New Dimensions in Regional Integration*. New York: Cambridge University Press.
- [4] Baldwin, R. E., & Venables, A. J. (1995). Regional Economic Integration. In Grossman, G. M. and K. Rogoff (eds), *Handbook of International Economics* (Volume III). Amsterdam: Elsevier.
- [5] Bandara, J. S. (1998). A survey on Applications of the GTAP Model and Data Base to the Analysis of Global Issues. *Paper presented to the First Annual Conference on Global Economic Analysis*. Purdue University. Indiana, USA.
- [6] Bandara, J. S., and McGillivray, M. (1998). Trade Liberalisation in South Asia. *The World Economy*, 21(7), 881-96.
- [7] DeRosa, D. A. (1998). *Regional Integration Arrangements: Static Economic theory, Quantitative Findings, and Policy Guidelines*, background paper for a World Bank Policy Research Report, Regionalism and development. Virginia: ADR International, Ltd.
- [8] DeRosa, D. A., & Govindan, K. (1995). Agriculture, Trade, and Regionalism in South Asia', Food, Agriculture, and the Environment Discussion Paper 7, International Food Policy Research Institute, Washington, D.C.
- [9] DeRosa, D. A., & Govindan, K. (1996). Agriculture, Trade, and Regionalism in South Asia. *Journal of Asian Economics*, 7(2), 293-316.
- [10] Drysdale, P. D. (1969). Japan and Australia: The Prospect for Closer Economic Integration. *Economic Papers*, 30, 12-28.
- [11] Drysdale, P. D. (1967). *Japanese-Australia Trade*. PhD. Dissertation, Australian National University, Canberra.
- [12] Flam, H. (1992). Product Markets and 1992: Full Integration, Large Gains? *Journal of Economic Perspective*, 6, 7-30.
- [13] Francois, J. F., & Sheills, C. R. (1994). AGE Models of North American Free Trade' in J. Francois, J. F., & Sheills, C. R (eds) *Modeling Trade Policy, Applied General Equilibrium Assessments of North American free Trade*. Cambridge: Cambridge University Press.

- [14] Frankel, J. A., with, E., Stein & Wei, S. J. (1997). *Regional Trading Blocs in the World Economic System*. Washington, D.C.: Institute for International Economics.
- [15] Frankel, J. A., E. Stein & Wei, S. J. (1997). *Trading Blocs and the Americas: The Natural, the Unnatural and Super Natural*, *Journal of Development Economics*, 47(1), 61-96.
- [16] Frankel, J. A., & Wei, S. J. (1997). The New Regionalism and Asia: Impact and Options. In A. Panagariya, M. G. Quibria and N. Rao (eds), *The Global Trading System and Developing Asia*. Hong Kong: Oxford University Press.
- [17] GTAP Website <http://www.gtap.org>.
- [18] Hertel, T. W. (ed.) (1997). *Global Trade Analysis: Modeling and Applications*. New York: Cambridge University Press.
- [19] IMF, Direction of Trade (Various Issues). Washington DC: International Monetary Fund.
- [20] Jayaraman, T. K. (1978). *Economic Cooperation in the Indian Sub-continent - A Customs Union Approach*. New Delhi: Orient Longman.
- [21] Kemal, A. R., Din, M., Abbas, K., & Qadir, U. (2000). A Plan to Strengthen Regional Trade Cooperation in South Asia. *Paper Presented to the Second Conference of the South Asia Network of Economic Research Institute (SANEI)*, August 28-29, Kathmandu.
- [22] Khan, S. M. (1999). South Asian Association for Regional Cooperation. *Journal of Asian Economics*, 10(3), 489-95.
- [23] Kojima, K. (1964). The Pattern of International Trade among Advanced Countries. *Hitotsubashi Journal of Economics*, 5(1), 16-36.
- [24] Krugman, P. (1991). The Move toward Free Trade Zones. In *Policy Implications of Trade and Currency Zones*. Wyoming: Federal Reserve Bank of Kansas City.
- [25] Lahiri, S. (1998). Controversy: Regionalism versus Multilateralism. *The Economic Journal*, 108, 1126-27.
- [26] Mukherji, I. N. (1997). South Asian Preferential Trading Arrangement: Identifying Products in India's Regional Trade', (mimeographed) (as cited in Pigato, et. al, 1997).
- [27] Mukherji, I. N. (2000). Charting a Free Trade Area in South Asia: Instruments and Modalities. *Paper presented to the Second Conference of the South Asia Network of Economic Research Institute (SANEI)*, August 28-29, Kathmandu.
- [28] Panagariya, A. (2000). Preferential Trade Liberalization: The Traditional Theory and New Development. *Journal of Economic Literature*, XXXVIII(2), 287-331.
- [29] Panagariya, A. (1999). Trade Liberalisation in South Asia: Recent Liberalisation and Future Agenda. *The World Economy*, 22(3), 353-378.