

FACULTY OF JURIDICAL SCIENCES

Lecture-28



SAPTA

The SAARC Preferential Trading Arrangement (SAPTA) reflected the desire of the Member States to promote and sustain mutual trade and economic cooperation within the SAARC region through the exchange of tariff concessions.

The idea of liberalizing trade among SAARC countries was first mooted by Sri Lanka at the sixth Summit of the South Asian Association for Regional Co-operation (SAARC) held in Colombo in December 1991.

Four rounds of negotiations were held under SAPTA. SAPTA was envisaged primarily as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a Customs Union. Accordingly SAPTA was superseded with the implementation of SAFTA. Product coverage was limited under SAPTA and usage of tariff preferences under the SAPTA has been gradually decreasing.

The Agreement on SAARC Preferential Trading Arrangement (SAPTA) which envisages the creation of a Preferential Trading Area among the seven member states of the SAARC, namely Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka was signed in Dhaka in April 1993. The idea of liberalizing trade among SAARC countries was first mooted by Sri Lanka at the sixth Summit of the South Asian Association for Regional Co-operation (SAARC) held in Colombo in December 1991. It was agreed that SAPTA is a stepping stone to higher levels of trade liberalization and economic co-operation among the SAARC member countries.

Objective

The objective of the SAPTA is to promote and sustain mutual trade and the economic co-operation among the member states through exchange of trade concessions. SAPTA therefore is the first step towards higher levels of trade and economic co-operation in the region.

The basic principles

Overall reciprocity and mutuality of advantages

Step by step negotiations and periodic reviews so as to improve and extend the preferential trade arrangement, in stages

Inclusion of all products, manufactures and commodities in their raw semi- processes and processed forms

Special and favorable treatment to Least Developed Contacting States

Main components

Tariff

Para Tariff

Non Tariff

Direct Trade Measures

APTA specified four negotiating approaches namely, product by product basis, across the board tariff reduction, sectoral basis and direct trade measures. However it was agreed that tariff concessions would initially be negotiated on a product - by- product basis. The agreement also provides for negotiation of tariff concessions to be an ongoing process. The SAPTA envisages that concessions on tariff Para-tariff and non tariff measures will be negotiated step -buy step improved and extended in successive stages.