

**LAUNCH OF TRADE SENTINEL: AN EARLY MONITORING MECHANISM FOR TRADE POLICY
AND RELATED CHANGES IN SOUTH ASIA
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Outcome Document**

South Asia as the Least Integrated Region in the World

South Asia is at an early stage of globalization. Average applied tariffs in South Asia were 11.8% in 2022, the highest of any region, against a world average of 8.6% and an East Asia and the Pacific average of 6.1%. Gains from trade have far from being realized. It is the least integrated region in the world, with regional goods trade forming only 5.8% of total trade in 2020, compared with 21.1% for ASEAN and 35.9% for East Asia. Not only is South Asia not integrated with the rest of the world, it is even less integrated with its own neighbourhood. While the rest of the world is getting into more sophisticated forms of cutting trade costs and integrating better with the neighbours, South Asia is still struggling with first generation and basic trade reforms.

There is no early monitoring mechanism for trade policy changes in South Asian countries. The existing trade databases such as the WTO Trade Reviews, the Global Trade Alert Database, and the temporary trade barriers database by the World Bank only offer infrequent updates and summarized data for a small set of countries. Trade monitoring mechanisms are essential for encouraging South Asian countries to tap into intra-regional trade and to dial down their increasingly protectionist policies.

The Trade Sentinel (<https://www.tradesentinel.org>) will fill important gaps in monitoring trade policy actions for South Asian countries. It seeks to provide real time alerts, trends, and analysis of trade investment policy changes. This tool and this topic are more and more important for the Konrad-Adenauer-Stiftung (KAS), through the Regional Economic Programme Asia (SOPAS) to contribute to the discussion shaping important developments in international trade.

The info from the Trade Sentinel and corresponding analysis benefits integration and multilateralism and serves as a warning to alert us to the risks of policy-driven geoeconomic fragmentation. This public good available for use of all stakeholders (policymakers, researchers, private sectors, and civil society) will be essential in preventing unfettered fragmentation and will be a catalyst in helping the rules based multilateral system to adjust to an increasingly complicated and rapidly changing world.

Additional Value from Trade Sentinel Website

The Trade Sentinel provides easy-to-read summaries of notifications and analyses of the impact of policy changes in terms of what changes, the products that are impacted, and the volume of imports/exports affected. Tariff schedules of all 5 countries (Bangladesh, India, Nepal, Pakistan, and Sri Lanka) are converted to Excel files. It also offers the TariffCompare tool, a tariff search and comparison tool that also provides visual representation. It also provides a policy trends overview and a continuous monitoring of trade and investment actions.

Expert Feedback and Moving Forward

Cater Information According to Stakeholders' Needs

It is important to identify and prioritize stakeholders so that the website can cater to their needs and priorities. For governments, it is the availability of an easily understood and citable, policy trends section. For the private sector, it is information on South Asian trading partners. They typically refer to the individual country customs or commerce websites or government websites to get the information. Finding a one-stop-shop trade website where you can access all aspects whether it is trade or in the future, all the way up to FDI, is a very useful feature. Journalists on the other hand, want simple and user-friendly websites where information is readily available.

So far, the data and digestible insights are the most useful for policy makers. The country notifications section is also very useful as there are frequent changes on some aspects of trade policy.

Increased Engagement with Stakeholders

Engagement with important stakeholders is extremely important. There is a lack of understanding among the business community about various forms of non-tariff issues. The website alone will not be sufficient. There is a need to take information to the policy makers and the media and regularly bring them together to have discussions. In addition, there is a need to let stakeholders know about the portal and to generate traffic to the portal. Perhaps social media can be used to popularize it.

Also, it might be crucial to have subscription services, at the frequency users can choose (immediately/real time, weekly, monthly, or yearly).

Additional Features Can Be Included in the Long Run

Para tariffs in South Asia are extremely restrictive and are usually imposed in a very ad hoc manner. In addition, there is limited data availability on para tariffs in the public domain. Separate discussions on para tariffs would be extremely useful from a policy perspective.

Analyses on each country's set of priority products and their regional markets and how trade policies there could impact these products could be useful for policy makers. This could include emphasis on export-related measures and tracking export duties and bans. Also, analyses on policies that restrict or facilitate exports by South Asian countries are as important as policies that are related to their imports.

The policy trend section can be expanded, and more functions can be added. For example, specific types of commodities can be tracked by frequency, and type of products. It is also important to allow users to run queries on the website. Additional analyses can also be conducted on to what extent a country's trade policy changes are in line with good practice, the country's multilateral commitments, or how a unilateral change might affect a country's commitments under a bilateral agreement, etc.

In the long run, (1) integrating investment policy changes, (2) updates on trade facilitations, (3) border trade statistics, (4) port restrictions data, (5) transit related measures, (6) preferential trade agreements, (7) government standards and private standards, and (8) services trade data will also be very important. And lastly, (9) gender-related tariff differential between products can also be analyzed. Some of these gender related tariff differentials fare factoring in terms of advancing women inclusion in trade.

Data on additional South Asia countries (Afghanistan, Bhutan, and Maldives) can also be added. But prioritization among which information is most useful to stakeholders is necessary to establish features that will serve as the the most compelling reasons or draw to visit the website.