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President Message

SAARC CCI is playing a vital role towards promoting economic integration through enhanced cooperation among SAARC member nations so as to achieve ultimate goal of transformation of region into an Economic Union. Since its inception SCCI has endeavoring to deepen regional economic cooperation among the South Asian nations. The SAFTA agreement is only the first stage on the road to developing cooperation; its effective implementation will depend on the space created for trade, economic collaboration and development across our frontiers. However, if South Asia's economies are to be integrated it will require the development of transnational infrastructure. After the implementation of SAFTA, the focused efforts to tap the potential of the region have been intensified and today, SAARC countries offer tremendous opportunities for trade and investment. I am of the opinion that exhibitions and fairs play an important role to unleash the untapped potential of the country. Now Policy environment provides freedom of entry, location, choice of technology, low cost production and skilled human resources, which should be materialized for promotion of fairs and exhibitions.

Speaking about future prospects, particularly in my tenure as a president, SCCI will take steps to strengthen its regional and global partnerships and linkages. The focused efforts aimed at tapping the potential of the region, which offer tremendous opportunities for trade and investment. The trends in regional trade before the formation of Worlds leading trade blocs like EU, NAFTA and ASEAN and recent development suggest that there is a need for promoting intra-regional trade and investment. EU, which now comprises 27 nations, began its journey as the European Coal and Steel Community in 1951 from only six member nations. At that time the regional trade with around 24%, which in 2007 increased to 55%, showing only 0.4% increase per annum. Similarly at the time of creation of NAFTA in 1994, the intra-regional trade was around 35%, which after a period of 24 years was estimated around 60% showing 1% increase per annum. ASEAN was established in 1967, when the intra-ASEAN Trade was only 12%, which today has improved to more than 30%, reflecting 0.33% per annum. However, the nations of SAARC which at the time of their independence were heavily dependent on each other failed to manage regional economic integration. It was due to the adoption of stringent policies, inward looking approach and state owned economic management. SAARC also need to remodel its policies on modern lines.

As the representative of the Business community in SAARC, I am of the firm opinion that in addition to other marketing tools, Fairs & Exhibition should regularly be organized, which will promote goods and services at one hand and establish a meaningful and effective relationship on the other. I am of the opinion that to deepen economic relations and cooperation, we drastically need to remove all such barriers that have been identified as initiators to trade and increase costs. We need to change our mindset and have to adopt proactive approach to keep pace with the current development around the globe. For deepening cooperation for regional integration, we need to remodel our economic policies in line with the spirits of SAFTA that provides a tangible mechanism to achieve the objectives for which SAARC was created.

Mr. Tariq Sayeed
President SCCI

Dear Readers,
The SAARC-Biz is published as a monthly venture to keep our members abreast with the latest activities of the SCCI and henceforth mainly covers the various events held in the region. This issue comprises activities of SCCI during August-September, 2008 coupled with other informative stuff. Your comments and feedback to further improve the contents of the bulletin are appreciated.

Mr. Tariq Sayeed
President SCCI
To improve the capacity building of the office bearers and to enhance their role in institutional development, SAARC Chamber of Commerce & Industry in collaboration with Friedrich Naumann Stiftung (FNS) conducted a two-day Strategy Workshop at Colombo, on 25th and 26th August 2008.

Strategic planning for institutional building is one of the prime objectives of the incumbent management in SAARC CCI chaired by Mr. Tariq Sayeed and Mr. Iftekhar Ali Malik, Vice President. The workshop was attended by two representatives from each member country of the South Asia. In addition to President and Vice President, SAARC CCI, other representatives from Pakistan included Mr. Zubair Ahmad Malik, Mr. Faiz Rasool Khan and Sheikh Shakil Ahmad Dhangra, the Executive Committee Members. Mr. M.K. Saharia and Mr. Manish Mohan represented India, Mr. Bap Kinga, Vice President SAARC CCI, and Mr. Yeshey Norbu from Bhutan, Mr. Suraj Vaidya, Vice president SAARC CCI, Ms. Pramila Rijal from Nepal, Mr. Kosala Wickramanayake and Mr. Tissa Jayaweera from Sri Lanka participated in the Workshop.

Dr. Rene Klaff, Regional Director FNS, Mr. Iqbal Tabish, Secretary General, SAARC CCI, Ms. Nafeesa Hashmi, Program Associate, SAARC CCI and Mr. Subodh Kumar, Executive Programs FNS were also present. The strategy workshop was planned and facilitated by Dr. Peter Schroder, a renowned German Consultant and strategist, who presented SWOT analysis supported by working session on the strategy. The second day, the facilitator focused on development of time-action plan followed by session on implementation of the strategy. Mr. Tariq Sayeed and Mr. Iftekhar Ali Malik termed the Workshop an effective and useful measure for the capacity-building of the institutions. In the second phase of the Strategic Planning, the Workshop will focus on the implementation of the strategic plan.

4th Executive Committee Meeting of SAARC CCI was held on 27th August 2008, Colombo, Sri Lanka under the chairmanship of Mr. Tariq Sayeed, President SCCI. The meeting was attainted by six vice Presidents SCCI, EC members and life members SCCI.

President SAARC CCI urged to promote trade through Exhibitions while addressing to inaugural ceremony of 6th SAARC Trade Fair held at Colombo-Sri Lanka on Aug 28, 2008. Mr. Tariq Sayeed, President SAARC CCI said that the Trade fairs and Exhibitions was instrumental to promote trade and urged upon the business community of SAARC member states to promote trade through regularly organizing fairs and exhibitions.

He appreciated the organizers for their splendid efforts to promote trade within the region by organizing SAARC trade fair and said that the member countries of the region have been showing great interest in SAARC Trade fair, which was reflected from their high level of participation and the goods displayed at different stands would attract a large number of visitors which will not only build effective linkage between the importers and exporters but also arouse desire of consumers through spot sales.

Hon'ble Minister Professor G.L. Peiris- Minister for Export Development and International Trade, Mr. Nawaz Rajabdeen, President Federation of Chambers of Commerce & Industry, Sri Lanka also addressed the inaugural session. He specifically urged upon the organizers of the Trade Fairs that such event should not be meant for earning profits but should be focused on building effective partnerships and forging new alliances for development.

Earlier Mr. Nawaz Rajabdeen in his welcome address said that all SAARC nations are bound by a common legacy and our vision is to achieve economic growth, provide and opportunity few less endowed nations within the fold in particular, to achieve greater heights of economic advancement. He said that over the centuries the structure of trade fairs has undergone many revolutions and they have spread the world over. Trade fairs are today sophisticated promotional events with considerable ramifications.

Hon'ble Minister Professor G.L. Peiris- Minister for Export Development and International Trade acknowledge the services of social community towards trade promotion which has helped poverty alleviation and promotion of jobs he regarded fairs and exhibitions as an effective tool to materialized economic cooperation in true perspective and hoped that the continuation of these events will bring business community together and helped achieved the targets envisaged under SAFTA.
Branding and Marketing for Women Entrepreneurs was held at Chennai on June 21, 2008. This seminar threw considerable light on the important aspects of Brand Equity, Marketing Linkages at Micro Level and Marketing Strategy and Networking. The speeches on the various subjects were delivered by leaders like Mr. Arun Bewoor, President, Madras Chamber of Commerce & Industry, Ms. Vidhya Srinivasan, COO, Integrated Brand-Comm Pvt. Ltd., and Dr. Nabaran Ghose, Prof. of Marketing and Business, University of Findlay, Ohio, USA, in the respective fields who brought to bear their rich experience in steering successful large and multi-national companies with interaction sessions among the participants. More than a hundred SHGs, SMEs and NGOs benefited from this Seminar.

One month training programme in Cathedral Window Quill for rural women of Tiruvottiyur, Chennai on July 2, 2008. 20 women who have participated in this programme have started earning for themselves.

Italian Lace Making valedictory function was held on June 24, 2008, at Hyderabad, India. Chief Guest was Sri. K. Rosaiah, Hon'ble Minister for Finance, Planning, Small Savings, Lotteries and Legislative affairs, Govt. of AP. 30 Poor and vulnerable women rescued from difficult condition underwent training at Hyderabad, in association with SATYAM Foundation.

Function of Kalamkari Hand Painting at Kalam Creation Artisan Society was held on 1st of July 2008 at Thiruchchirappalli, India.

Calander of events

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<td>2- SCWEC Seminar &amp; Council EC meeting</td>
<td>Dhaka</td>
<td>18 Oct 2008</td>
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<tr>
<td>3- Seminar on Trade Facilitation</td>
<td>Dhaka</td>
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SAARC I T Sector

At a Glance

South Asia as a whole has a strong comparative advantage vis-à-vis the rest of the world in commercial services, especially exports of semi-skilled/unskilled labour. A great deal of this advantage however, is due to the sheer size of India's service sector. The services sector is gradually becoming the backbone of the Indian economy. Almost 60% of the overall growth rate of the Indian economy in the last one decade has been accounted for by this sector. Exports from this sector have also been impressive at 20% per annum in the decade of the 1990s. However, exports are mainly concentrated in IT and BPO but sectors such as health, education and financial services, retail, and tourism too possess immense potential. South Asian countries have a competitive edge in different categories of services. In transport services, Pakistan and Sri Lanka have a competitive advantage while India has a competitive advantage in construction services, computer and information services and other commercial services. Maldives and Nepal are more competitive in travel services while Bangladesh has a higher competitive edge in financial services. South Asia's export interests lie in the area of labour-intensive and manpower-based services and import interests in the area of capital and technology intensive services. Construction, education, tourism and health services are of special significance both from export as well as import interests.

Global cross border trade in IT is estimated to be over US$900 billion annually, whereas in the South Asia region it is roughly US$30 billion, but hardly any intra region trade exists. Cross border barriers to trade in services for the IT and telecom sector include restrictions on FDI, less access to domestic markets and discrimination against foreign service providers. To improve trade, clear communication channels, professional work ethics, perception of stability and trust need to be established. Complementarities in South Asia exist given different levels of infrastructure available in the member countries.

While mobile teledensity has surpassed fixed and is in the range of 20-30% (excluding Maldives), it is still below the industrialised world average. In terms of sectoral contribution to GDP, telecommunication revenue in SAFTA countries is also below the world average of 3.1%. Bharat Sanchar Nigam Ltd (BSNL, India) marked its entry into international long distance services by commissioning a direct digital microwave link to Sri Lanka. BSNL will now carry the voices of telephone callers between India and Sri Lanka on its own infrastructure rather than depending on other carriers, which meant an additional expense to BSNL. Also, the direct link will offer better quality to callers.

BSNL expects to offer broadband services during the current year and carry voice, data and video. Thus, telecomms and IT is one area which offers tremendous scope for cooperation and regional trade. This sector appears amenable to inclusion in SAFTA as some countries of the region have the necessary infrastructure whereas others do not have. Tapping such complementarities will on the one hand enable smaller countries to have access to such services that are quite capital-intensive and on the other, extend market access to service providers. This may help reduction in per unit cost of exporting these services as well. Given the nature of such services, trade in goods would also get an impetus.
This may help reduction in per unit cost of exporting these services as well. Given the nature of such services, trade in goods would also get an impetus. There are already several IT-related regional initiatives in South Asia. In IT further cooperation could include areas such as Regional Software Technology Parks, e-governance including government intranet, multipurpose telecentres, IT education and training, e-commerce, design, development and database management, Portal Programming and Open Source Application development. From many South Asian countries it is cheaper to call the US or Europe than to call one its neighbours. In July 2008, the cost of a one minute call from Pakistan to Sri Lanka was 22 US cents and only 3 cents to call the UK. From India it cost 28 cents to call Nepal but only 17 cents to call the US. The Cheapest intra-SAARC price was four times that of the cheapest extra-SAARC Price.

In the Commonwealth study (2008) the telecoms sector commonly emerges as the service sub-sector that experiences the most gains and also contributes significantly to the rest of the economy, indicative of its importance in output and its key role as a producer service input to a wide range of tradable services. The liberalisation gains include increased teledensity and traffic volumes, improved profitability and returns on assets, greater efficiency, and increased investment, adoption of new technologies, service convergence, and consumer gains due to improved quality, increased access, and reduction in calling rates. Innovation and technological change have also played an important role in shaping these gains. However, there are also challenges that have been common across countries undertaking liberalization of this sector. These challenges pertain to rapid technological developments and the emergence of new segments and opportunities, the presence of multiple operators, within the sector, continued government intervention in regulatory decision making, resistance of incumbents to entry of new players, conflicts of interest between regulators and incumbents, and difficulties faced by regulators in balancing commercial objectives and social obligations such as universal service provision.

The country studies seem to indicate that the content and process of liberalization and regulatory reform are equally important. Where institutional and regulatory frameworks have been introduced to support the liberalization process, with well-defined functions and objectives, the experience has been more favorable. Where the process has been marked by lack of transparency, absence of independent regulatory oversight, absence of incentives to promote operational efficiency, failure to promote competition in key segments and to define responsibilities across multiple agents who may be involved in regulation, lack of prior planning and clear objectives, and failure to garner domestic stakeholder support, gains have been limited and liberalization has been subject to much debate and criticism. For instance, it has been seen that privatization may not necessarily result in greater competition and could actually formalize the creation of private monopolies if an important prerequisite to effective competition, i.e., non discriminatory access to the telecommunications network is absent. The country experiences underscore the importance of the regulatory set up and its explicit independence from the government, the regulator's ability to balance commercial and social interests as well as the interests of incumbents and new players, and the need to install confidence among consumers and investors. Another important point that emerges in the telecoms services sector is the impetus that can be provided to the domestic liberalization and regulatory reform process by pre-commitments and adoption of regulatory principles under the WTO.

Useful Websites

www.economywatch.com
www.unido.org
Organization
www.financialexpress.com
www.etsg.org
www.adb.org
www.apec.org
www.brecorder.com
www.ris.orb.in
Countries

Economy Watch
United Nation's Industrial Development
The Financial Express
European Trade Study Group
Asian Development Bank
Asia Pacific Economic Corporation
Business Recorder Pakistan
Research & Information System for Developing
Dr. Rene Klaff, Regional Director PNF New Delhi, is briefing to participants of Strategy Planning workshop on 25th August 2008, Colombo on the objectives of Organizing this event.

Nawaz Rajabdeen VP SCCI from Sri Lanka, Bap Kanga VP SCCI from Bhutan, Tariq Sayeed President SCCI, Mr. Sassi Hossaini Sr. VP SCCI from Bangladesh, S. N. Agarwal VP SCCI from India, Abidkar Ali Maki VP SCCI from Pakistan at Vice President Meeting held on 26th August 2008, Colombo.

Participants of 44th Executive Committee meeting held on 27th August 2008, Colombo, Sri Lanka, Pose for a photograph after the meeting.

Photographs of the participants at Dinner hosted by FCCSSL in honor of Executive Committee participants on 27th August, 2008, Colombo Sri Lanka.

Left to Right: Mr. Hadi Salahuddin, LDC Member SCCI from Pakistan, Mr. Tariq Sayeed President SCCI, Mr. Iqbal Tahir - Secretary General SCCI at 8th SAARC Trade Fair, 28 August, 2008, Colombo.

President SCCI, Mr. Tariq Sayeed, Vice President SCCI, Professor GI, Poiris Minister of International Trade and Export Development, Sri Lanka, Mr. Nawaz Rajabdeen at opening ceremony of 8th SAARC Trade Fair held on Aug 28, 2008 at Colombo-Sri Lanka.
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Upcoming Events

Bangladesh

**Bangladesh International Dye & Chem Show 2008 (BHDS 2008)**
Start Date: 28-NOV-08  End Date: 30-NOV-08
Venue: Bangladesh-China Friendship Conference Centre Dhaka, Dhaka Bangladesh
http://www.biztradeshows.com/trade-events/dye-chem-bangladesh.html

**Bangladesh International Yarn Fabric & Textile Expo - 2008(BIFTE)**
Start Date: 28-NOV-08  End Date: 30-NOV-08
Venue: Bangladesh-China Friendship Conference Centre Dhaka Bangladesh

**Knit-Tex Bangladesh - 2008**
Start Date: 28-NOV-08  End Date: 30-NOV-08
Venue: Bangladesh-China Friendship Conference Centre Dhaka Bangladesh
http://www.biztradeshows.com/trade-events/knittex-bangladesh.html

India

**Start Date** 26-SEP-08  **End Date** 28-SEP-08
**Venue**: Hilton Tower, Mumbai, Maharashtra
http://www.biztradeshows.com/trade-events/globeoil.html

**Business India Money Show-New Delhi**
Start Date: 26-SEP-08  End Date: 29-SEP-08
Venue: Pragati Maidan, New Delhi, Delhi

**Emission Markets India 2008**
Start Date: 27-SEP-08  End Date: 30-SEP-08
Venue: The Orchid Hotel, Mumbai, Maharashtra

**4th International Flora Expo 2008**
Start Date: 26th to 28th Sep, 2008
Venue: NSIC Exhibition Centre, New Delhi
http://www.biztradeshows.com/international-flora-expo/

**3rd International Landscape & Gardening Expo 2008**
Start Date: 26-SEP-08  End Date: 28-SEP-08
Venue: NSIC Exhibition Centre, New Delhi
http://www.biztradeshows.com/trade-events/landscape-expo.html

**Anti-Aging Conference & Exhibition-India**
Start Date: 27-SEP-08  End Date: 28-SEP-08
Venue: The Leela Kempinski Hotel, Mumbai, Maharashtra, India

Nepal

**Womens Gold & Gems Exhibition 2008**
Start Date: 24-OCT-08  End Date: 26-OCT-08
Venue: Pearl Continental Hotel, Sindh Karachi
http://www.biztradeshows.com/trade-events/womensgold-gems-expo.html

Pakistan

**Expo Pakistan**
Start Date: 27-OCT-08  End Date: 30-OCT-08
Venue: Karachi Expo Centre, Sindh Karachi
http://www.biztradeshows.com/trade-events/expo-pakistan.html

**Textile Garment Technology & Machinery Expo (TGTE-Pakistan)**
Start Date: 27-OCT-08  End Date: 30-OCT-08
Venue: Karachi Expo Centre, Sindh Karachi
http://www.biztradeshows.com/trade-events/tgte-pakistan.html

**Machine Tools & Automation Pakistan (MITAP) 2008**
Start Date: 04-NOV-08  End Date: 06-NOV-08
Venue: Karachi Expo Centre, Sindh Karachi

**International Defence Exhibition And Seminar (IDEAS)**
Start Date: 24-NOV-08  End Date: 28-NOV-08
Venue: Karachi Expo Centre, Sindh Karachi
http://www.biztradeshows.com/trade-events/ideas.html

**Power Asia Solutions Expo (PAS Expo)**
Start Date: 24-NOV-08  End Date: 27-NOV-08
Venue: Pearl Continental Hotel Lahore, Punjab Lahore
http://www.biztradeshows.com/trade-events/power-solutions-expo.html

**Auto & Auto Parts Pakistan**
Start Date: 10-DEC-08  End Date: 13-DEC-08
Venue: Karachi Expo Centre, Sindh Karachi
http://www.biztradeshows.com/trade-events/autoparts-pakistan.html

Sri Lanka

**Education & Career Fair**
Start Date: 11-SEP-08  End Date: 14-SEP-08
Venue: Sri Lanka Exhibition & Convention Centre, Colombo, Sri Lanka
http://www.biztradeshows.com/trade-events/education-career-fair.html

**Beyond Beauty & Fashion Colombo, BIFBC**
Start Date: 31-OCT-08  End Date: 02-NOV-08
Venue: Sri Lanka Exhibition & Convention Centre, Colombo, Sri Lanka
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SAARC Snapshot

South Asia - The Fastest Growing Region in Export of Services

South Asia is the fastest growing region in the export of services. Exports of services from South Asia grew at 14% per annum between 1995 and 2003 compared to less than 8% for East Asia. It is not only India that did well, but Pakistan and Sri Lanka, too, which have grown faster than East Asia in service exports. Bangladesh services exports have also grown fairly rapidly, averaging about the rate in East Asian economies. India and Bangladesh have performed well in the exports of computers and information communications and other commercial services, while Pakistan has done well in the export of transport services and Sri Lanka in travel services.

In South Asia the contribution of services' value added to GDP is 40% on an average and rising. This varies among Saarc countries from the lowest ratio of 38% in Nepal to the highest ratio of 57% for Sri Lanka. The service sector is the second most important sector (after agriculture) in providing employment for South Asian countries. The cultural and linguistic ties, and geographic proximity among countries in South Asia make it easier for trade in services to take place. Furthermore, countries with similar levels of development, like those in South Asia, are likely to find it easier to make the compromises required for negotiating agreements on trade in services.

South Asia now needs to take advantage of its geographical proximity and strengthening relationships to build new partnerships in various sectors including the capital markets, banking, IT and telecommunications. The inclusion of services within Safia's framework is a necessity, if members are to realise the benefits of a free trading area.

There are many reasons that demand for an immediate inclusion of services within Safia. First, the capacity of Saarc members, except India, in producing and trading manufactured goods is weaker while services are emerging as the most potential sector in all member countries and potential for intra regional services trade are huge. Therefore members are more optimistic on the issue of trading services rather than manufactured goods.

Second, the availability of services (especially tourism, health, education, and labour) within the region will help to attract consumers from other parts of the world. So, an advanced services infrastructure within the region will boost the regions' share in global services trade. Safia may play an instrumental role in developing such an advanced services infrastructure within the region. Third, in any economy, the competitiveness of producers largely depends on access to efficient services such as banking, telecommunications, and transport facilities (services). Moreover services are an integral part of other economic activities so their liberalization will produce strong and positive spill over effects on other economic activities.

In terms of composition of overall trade in services in South Asia, imports of services were higher than exports of services for the Saarc region until 2004, but since then total exports have become higher than the total imports of services in the region.
In terms of composition of overall trade in services in South Asia, imports of services were higher than exports of services for the Saarc region until 2004, but since then total exports have become higher than the total imports of services in the region. This is an important change in the composition of trade in services for the region; however this has been mainly led by India. In 2006, India had higher imports of services as compared to its exports across countries; exports are highest in computer and information services from India, followed by Sri Lanka and Pakistan. In terms of imports, India is the only country that has substantial imports of computer and information services. Travel services are an important service in terms of exports, as almost all South Asian countries have positive net exports apart from Bangladesh and Pakistan. For countries like Nepal and Maldives travel services have the major share in their total exports of services. With respect to transport services, all the South Asian countries are net importers of transport services, with India being the biggest importer followed by Pakistan. India and Pakistan are also net importers of insurance, financial and other business services. Almost all South Asian countries are net exporters of communication services.

South Asian countries have a competitive edge in different categories of services. In transport services, Pakistan and Sri Lanka have a competitive advantage while India has a competitive advantage in construction services, computer and information services and other commercial services. Maldives and Nepal are more competitive in travel services while Bangladesh has a higher competitive edge in financial services. South Asia’s export interests lie in the area of labour-intensive and manpower-based services and import interests in the area of capital and technology intensive services.

Construction, education, tourism and health services are of special significance both from export as well as import interests.

However several issues need to be addressed to make liberalization of services a success. Since data and analyses of trade in services are very limited in South Asia, it is essential that this be improved in order to enable negotiators and stakeholders to make the best commitments in the interest of their respective countries. Regulatory capacity is also weak in the region, especially in terms of ensuring standards of service supply and adherence to rules. It is important to address this issue through greater cooperation between the regulatory bodies within the region and also learning from regulatory bodies in other countries that have entered into agreements on trade in services. There are also significant asymmetries in existing standards, and hence the qualifications of many services suppliers will not be recognized by fellow Members. Mutual recognition agreements (MRAs) will be required to harmonize standards in the region.

Ref: Mr. Arif Zaman
Advisor, Commonwealth Business Council and Saarc Chamber

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