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Pakistan's Bilateral Trade with Smaller South Asian States

Sandaleen Qaiser

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Abstract

Intraregional trade within South Asia, comprising merely 5 per cent of the region's total trade, is markedly underwhelming and Pakistan remains the least economically integrated country within the region. This deficiency is predominantly shaped by its tense relationship India. While other nations in the region enjoy preferential trade ties with India, Pakistan's strained interactions have overshadowed its broader regional economic prospects and are therefore worth examining in greater detail. Using recent bilateral trade data, this study delves into Pakistan's economic ties with smaller South Asian states in order to contextualise where it stands today. It describes varying trade trajectories with these states and underlines existing challenges, including Pakistan's strategic position and the intricacies of SAFTA. The study confines itself to trade relations with Bangladesh, Sri Lanka, Nepal, Maldives, and Bhutan for the purposes of concision. Afghanistan is not included due to its unique position that is outside of this paper's scope. The study offers a unique overview of Pakistan's multifaceted trade relationships within South Asia, which often go overlooked, and seeks a way forward.

Keywords: *SAARC, SAFTA, Pakistan, bilateral trade, intraregional trade, South Asia, economy*

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Introduction

It is well established that intraregional trade within South Asia, accounting for just 5 per cent of the region's total trade, is deficient.[1] The fact that the intraregional trade officially amounts to $23 billion, a third of the projected potential trade of $67 billion, has also been quoted ad nauseam.

This lacklustre performance is largely attributed to Pakistan and India's relationship, best characterised as a stubborn stalemate. The two nations, being among the largest economies in the region, possess significant potential for intraregional trade. However, historical tensions, political disagreements, and trust deficits have impeded the realisation of this potential, casting a shadow over the broader economic landscape of South Asia.

The World Bank overtly termed Pakistan 'the biggest loser' under this status quo.[2] The fact is that other smaller countries in the region benefit from normal and, in some instances, preferential trade relations with India. While Pakistan's relations with its rival continue to remain icy, it is worth examining where it stands with these other states being courted by the world's fifth-largest rising economy.

Trade relations between Pakistan and smaller South Asian states: Bangladesh, Bhutan, Maldives, Nepal, and Sri Lanka are indeed important in the context of regional economic integration.[3] As the least integrated region in the world and Pakistan being the least integrated country within the region, these relationships must be re-evaluated.

These relationships are also multitudinous and cannot be presented under a single narrative. Although united under the defunct umbrella of the South Asian Association for Regional Cooperation (SAARC), they come with different histories and stakes.

This study aims to present a concise analysis of Pakistan's economic relations with the named states, using the most recent bilateral trade figures. It also provides an evaluation of the longstanding hurdles and possible remedies for trade under SAARC's South Asian Free Trade Area (SAFTA) framework.

The first section gives an overview of the trade relations between Pakistan and smaller South Asian states and where they stand today. This includes contextualising bilateral trade and examining the trends. The discussion then moves on to the challenges, including Pakistan's geostrategic position and the SAFTA framework under which trade is conducted. The last section considers what can be done to improve intraregional trade going forward.

Pakistan and Smaller South Asian States

Bangladesh

Pakistan and Bangladesh's turbulent past rooted in the 1971 war continues to haunt their relations, making every diplomatic and trade initiative a cautious dance around sensitivities. Discussion of bilateral ties is often accompanied by the phrases 'historical baggage'[4] and 'emotional scars'.[5]

However, the two nations have come a long way and moments of shared strategic concerns come to the forefront, pushing historical grievances to the periphery. Both countries' apprehensions about certain policies of India, especially those discriminatory against Muslims, can act as a uniting factor between Pakistan and Bangladesh.[6]

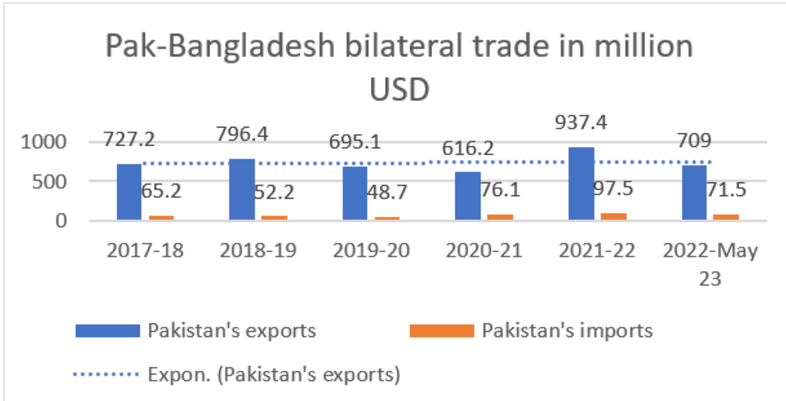
A clear testament to this is Bangladesh's support for Pakistan as the chair of G-77 in 2022 and its role as the Coordinator of the Asia Pacific Group in 2017-18 in the United Nations Conference on Trade and Development (UNCTAD).[7]

There have also been some proactive efforts by the High Commission, which has successfully orchestrated two agreements between the chambers of commerce of both nations, linking the Dhaka Chamber of Commerce and Industry (CCI) with its counterparts in Islamabad and Rawalpindi.[8] Such partnerships cement formal trade relationships and lay the groundwork for future collaborations.

A deep dive into recent trade specifics offers more granularity. Pakistan's primary exports to Bangladesh centre around textiles—raw materials, fabrics, and yarns—and a range of chemicals. Conversely, imports from Bangladesh have a broader spectrum, encompassing raw jute, textile apparel, specific chemicals, bamboo, cane products, and ceramics.

Figure 1

Pakistan-Bangladesh Trade Statistics[9]



Recent financial data, as shown in Figure 1 above, paints a compelling picture of their trade dynamics. In the fiscal year 2017-18, Pakistan's exports to Bangladesh stood at $772.2 million, juxtaposed against imports of $65.2 million. This trend, with Pakistan enjoying a significant trade surplus, persisted into 2018-19.

Though the subsequent year saw a decline in trade volumes—a repercussion of the global Covid pandemic—the following years hinted at a resurgence. The fiscal year 2020-21 marked a bounce-back. Recent statistics until May 2023 showcase a continued upward trajectory, solidifying Bangladesh as a reliable export market for Pakistani products.

While these figures do not compare to Bangladesh's largest trading partners—India exported goods worth $14.1 billion in 2021,[10] for instance—Pakistan fares well compared to other regional partners (Sri Lanka exported $221.6 million in the same year).

A consistently favourable balance of trade, largely driven by Bangladesh's import of raw materials, shows promise.

Sri Lanka

Pakistan and Sri Lanka's relationship has a fraternal bent which has resulted in a multitude of collaborations in the economic domain. Sri Lanka's distinction as the first country to sign a Free Trade Agreement (FTA) with Pakistan in August 2002, which made Pakistan the second-largest trading partner of Sri Lanka in the SAARC region, testifies to this enduring alliance.[11] The FTA, operational since June 2005, was crafted with an inherent preference for Sri Lankan exports.

In January 2016, during the 6th FTA review meeting in Colombo, both nations resolved to expand and enrich their FTA. By infusing chapters on investment and services, the intention was clear: to cultivate an environment conducive to mutual economic prosperity. Drafts discussing the investment chapter and Mutual Recognition Agreement were shared, signalling a forward momentum in their bilateral ties.

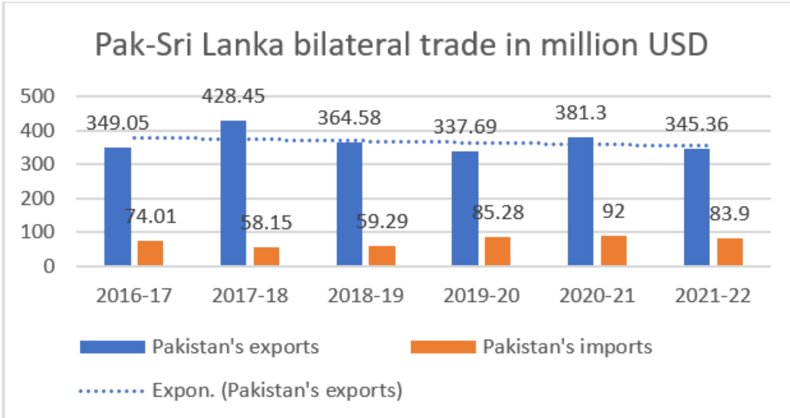
The annual 'Pakistan Single Country Exhibition' (PSCE) is annually hosted in Colombo to promote bilateral trade. Launched in 2016, this annual event has become a cornerstone in showcasing Pakistani products and fostering business linkages.[12]

Sri Lanka has also shown an interest in enhancing connectivity with Pakistan by means of aviation. They have proposed the introduction of a 4th flight frequency between Colombo and Lahore and have also put forth a request for FITS Aviation, a private Sri Lankan airline, to operate between the two nations. These requests are currently under review by Pakistan's Ministry of Aviation.

In February 2022, Pakistan extended a credit line of $200 million to Sri Lanka. This was earmarked for essential items such as rice and cement. However, as Huma Baqai puts it, Sri Lanka's economic crisis 'mirrors' the one in Pakistan, placing the two nations in a precarious position.[13] Pakistan's Ministry of Finance judiciously imposed a moratorium on all credit lines, awaiting Sri Lanka's economic stabilisation.

Figure 2

Pakistan-Sri Lanka Trade Statistics[14]



A look at fiscal year 2016-17 (as shown in Figure 2 above) shows, as in the case with Bangladesh, a conspicuous trade surplus in favour of Pakistan, with exports valued at $349.05 million against imports of $74.01 million from Sri Lanka. This trend of burgeoning exports and a widening trade surplus continued in 2017-18. The following years witnessed certain fluctuations, with 2019-20 emerging as a particularly notable year marking the zenith of bilateral trade.

While trade figures have ebbed and flowed, a consistent narrative prevails: Sri Lanka remains a promising export market for Pakistan. Dominated by commodities such as textiles, rice, machinery, and pharmaceuticals, Pakistan's export portfolio to Sri Lanka is diverse. Conversely, Pakistan's penchant for Sri Lankan tea, spices, rubber, and ceramics manifests in its import figures.

Nepal

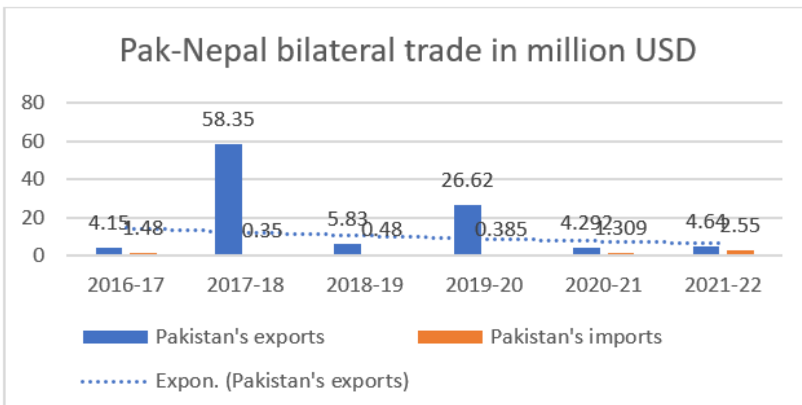
Pakistan and Nepal experience limited trade engagement, brought about by several contributing factors. The diminutive scale of Nepal's economy, geographical barriers, lack of direct air links, and intricate shipping logistics have all played a part.

A significant portion, nearly two-thirds, of all of Nepal’s trade is with India, and around 15 per cent with China. Trade with other global partners, including Pakistan, thus remains below 20 per cent. The Treaty of Trade between India and Nepal further complicates matters for Pakistan, as rebated tariffs for Indian products hamper the competitiveness of Pakistani commodities in the Nepalese market.[15]

For Pakistani businesses, Nepal doesn't present a particularly lucrative market with its status as a landlocked developing country. The discontinuation of direct flights by Pakistan International Airlines (PIA) to Kathmandu has further dimmed the prospects of strengthening bilateral ties, both commercial and cultural.[16] This backdrop suggests that envisioning an uptick in trade relations in the immediate future may be overly optimistic.

Figure 3

Pakistan-Nepal Trade Statistics



Recent data (as shown in Figure 3 above) highlights some sporadic spikes in bilateral trade. The fiscal year 2017-18 witnessed an unusual surge, attributable to India's 2016 sugar export ban.[17] Capitalising on this, Nepalese traders imported substantial quantities of sugar, catering to both domestic demands and potential exports to India.[18] Another notable spike emerged in 2019-20 in the aftermath of the Balakot incident, which culminated in the closure of the Pakistan-India border. This situation facilitated a surge in the export of both fresh and dried dates to Nepal from Pakistan.[19]

Apart from the two notable anomalies, a more granular examination of trade metrics provides clarity. In 2016-17, Pakistan's exports to Nepal were modest, and the following year, a significant surge emerged, attributable to the aforementioned sugar trade. However, this momentum was not sustained, and a sharp decline was observed in 2018-19. The next years witnessed a semblance of stability but without reaching the earlier peak.

In essence, the trade narrative between Pakistan and Nepal is emblematic of the complexities inherent in international trade. The relationship remains in a state of flux, in the absence of grounded agreements, and is subject to unpredictable market forces as well as the challenges of connectivity.

Maldives

The Maldives, a paradisiacal chain of islands, shares a flirtatious trade relationship with Pakistan, characterised by steady exchanges but very modest volume. While mutual goodwill underscores the bilateral narrative on the diplomacy front, trade has faced its share of constraints.

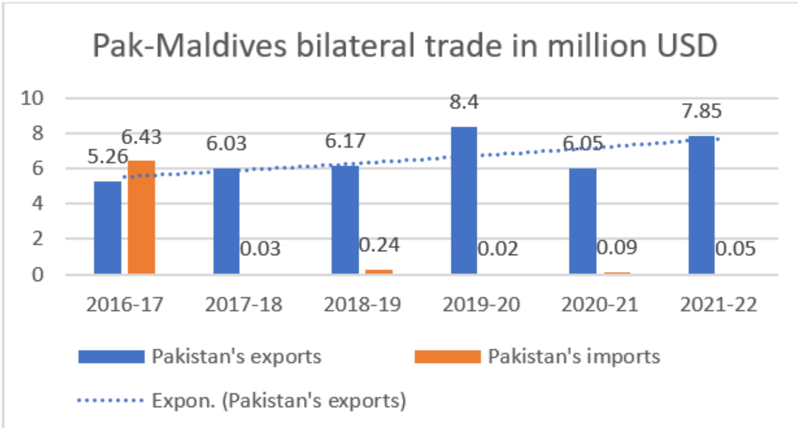
Pakistan’s share in the Maldives’ total imports currently stands at less than 1 per cent. Meanwhile, India has significantly bolstered its trade position with the Maldives, emerging as one of its primary suppliers. The establishment of direct cargo ferry services between Maldivian and Indian cities has further facilitated this shift.[20] This enhancement in trade ties between the Maldives and India underscores the need for Pakistan to strengthen its logistical connections.

The absence of direct connectivity, either aerial or maritime, is a major hindrance. The sole bridge, in the form of a PIA flight to Malé, served as a link from 1987 to 1999 but was eventually discontinued. This logistical barrier has influenced the scope and intensity of trade engagements.

Maldives, with its limited arable land and production capabilities, primarily depends on imports to cater to its population's needs, with a few exceptions like fish and select fruits and vegetables. Despite this seemingly lucrative market, Pakistan's exports have seen a decline over recent years, dropping from $8.42 million in 2019-20 to $6.14 million in 2021-22.

Figure 4

Pakistan-Maldives Trade Statistics



As shown in Figure 4 above, in 2016-17, exports from Pakistan to the Maldives exhibited a balance, hovering around the $6 million mark. This trend continued, with minor fluctuations, into the subsequent years. A noticeable uptick was observed in 2019-20. However, this was followed by a slight regression in the next fiscal years. Pakistan's key exports to Maldives encompass textile yarn, fabrics, rice, vegetables, fruits, and pharmaceutical products, underscoring the range and diversity of products.

Conversely, Pakistan's imports from the Maldives have consistently remained on the lower spectrum. Given the Maldivian economy's primary reliance on tourism and fisheries, limited exportable goods reach Pakistan's shores.

While the trade relationship is modest in absolute terms, it is essential to understand it in the context of both nations' economic sizes and priorities. Maldives, with its heavy dependence on tourism, has different economic imperatives compared to Pakistan, which has a diverse economic base.

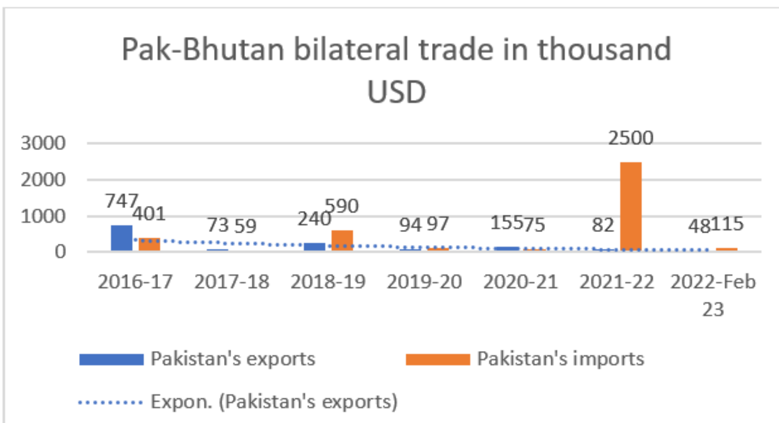
Bhutan

Bhutan, a landlocked kingdom nestled in the Himalayas, shares another sporadic trade profile with Pakistan. The nature of their economic collaboration has been limited, influenced by the challenges of accessing Bhutan's remote terrains, its modest population of 784.9 thousand, and prohibitive freight rates. A significant portion, over 50 per cent of Bhutan's trade, is concentrated with India due to their geographical proximity.

Current export goods from Pakistan encompass surgical instruments, fresh and dry fruits, medicinal plants, and paper products. [21] In contrast, Pakistan's import list from Bhutan is dominated by light mechanical tools, potatoes, iron alloy, tea, and notably, hydropower – an untapped reservoir for energy collaborations once again due to India's involvement as Bhutan's largest electricity export destination.[22]

Figure 5

Pakistan-Bhutan Trade Statistics



The trade trajectory between the nations, although modest in scale, has witnessed fluctuations over the years. Data from 2016-17 (as shown in Figure 5 above) indicates exports to Bhutan at $747,000 and imports at $401,000. However, the subsequent year, 2017-18, saw a downturn in both exports and imports, valued at $590,000 and $240,000, respectively. The next two fiscal years, 2018-19 and 2019-20, marked a further constriction in trade engagements.

Interestingly, the year 2021-22 brought an unprecedented surge, particularly in imports from Bhutan, peaking at a remarkable $2.5 million. However, by February 2023, there seemed to be a regression in the trade values, with imports dwindling to $115,000 and exports receding to $48,000.

Despite Bhutan's economy being a fraction of Pakistan's, with GDP figures at $2.707 billion and $340.6 billion respectively, the latent potential for expanded trade and collaboration remains to be availed.

This potential extends to sectors such as religious tourism, textiles, leather goods, and especially agriculture. In 2011, the two nations discussed bolstering ties when then Prime Minister Lyonchhen Jigmi Y Thinley visited Islamabad. Trade, tourism, and regional cooperation through SAARC were discussed.[23] However, talks have since remained dormant, with the significant impediment being Bhutan's strong trade inclination towards India.

The trade narrative between Pakistan and Bhutan, characterised by periodic ebbs and flows, indicates untapped potential and opportunities that await mutual exploration.

Economic Asymmetry

As we have seen, each of these smaller South Asian states shares a unique trade profile with Pakistan, each with its own set of products, potentials, and trade balances.

In the case of Bangladesh and Sri Lanka, there is a greater sense of cohesion with a consistent trade surplus tilting in Pakistan’s favour. With the smaller economies of Nepal, Maldives, and Bhutan, the trends are haphazard and inconsistent.

Despite the varying profiles, a few unifying factors do emerge. Firstly, India dominates the regional scene by a landslide and has entrenched itself as a leading trade partner with these states. Pakistan is not only outcompeted but faces consistent access issues by way of geographical and transportation barriers.

There is an overall sense of opportunities not availed. However, a positively consistent trend is a sense that these opportunities are still available, a sense of openness and room in various market sectors for the countries to expand their trade relations.

The question that arises then is *why* exactly Pakistan's intraregional trade potential remains untapped.

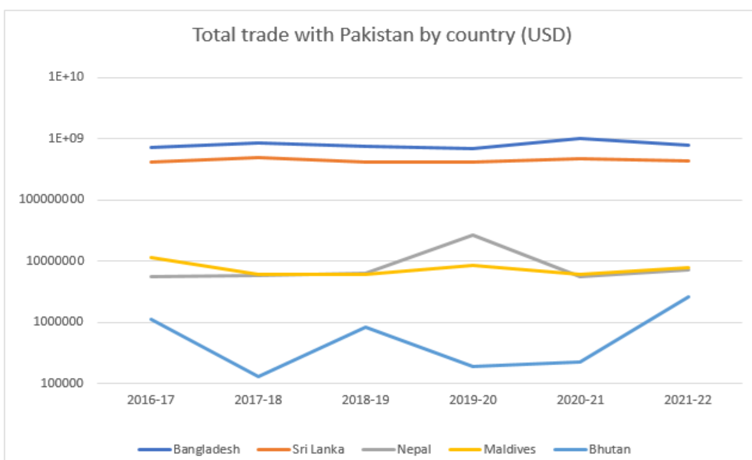
An invariable factor when it comes to bilateral trade is the economic asymmetry between nations of different sizes. South Asia is particularly susceptible to the challenge this poses, as the countries discussed are geographically positioned to orbit the massiveness of India, which currently acts as a barrier rather than a route.

The gravity model of international trade posits that bilateral trade between two countries is directly proportional to the size of their economies, as measured by GDP, and inversely proportional to the geographic distance between them.[24]

Just as larger celestial bodies exert more gravitational force, larger economies inherently have a greater pull or influence in trade dynamics. This influence is reflected in trade volumes but also in the ability to dictate trade terms, policies, and negotiations.

Figure 6

Pakistan's Trade with Smaller South Asian Countries



Taking the graph of total trade volumes into consideration (shown in Figure 6 above), we observe that nations like Bangladesh and Sri Lanka, with relatively more substantial economic sizes ($400 billion and $88 billion GDP respectively), maintain higher trade volumes with Pakistan. Pakistan has also signed separate FTAs with Sri Lanka (2005) and Bangladesh (2010), indicating that pivotal strategic deals naturally follow from larger economic sizes.

In contrast, smaller economies like Maldives and Bhutan ($5 billion and $2 billion respectively), despite similar geographic proximity, register lesser trade flows. In the same way, Pakistan is unable to capitalise on trade with the gravitational pull of India's economic size ($3 trillion) seizing the region.

The challenge for regional cooperation is to address these asymmetries and ensure that even smaller economies can reap the benefits of regional trade without being overshadowed by their larger counterparts. However, attempts to do so in recent times, as through SAARC's SAFTA framework, have come up short.

SAARC and SAFTA

SAARC was formed in 1985 with an ambitious vision to promote regional integration and economic cooperation among its member states of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

The SAARC Preferential Trading Arrangement (SAPTA), inked in 1993, was SAARC's first significant attempt at liberalising intra-regional trade. It was envisaged as a mechanism to gradually reduce tariffs and other trade barriers, hoping to pave the way for a more prosperous South Asian market. However, its potential was stifled when member countries remained entrenched in their protectionist policies.[25]

The reluctance to move away from longstanding economic defence mechanisms rendered SAPTA ineffective. The very nations that had come together to promote intra-regional trade were, paradoxically, the same entities hindering its realisation.

Recognising the limitations and shortcomings of SAPTA, SAARC introduced SAFTA in 2004. This agreement was constructed on the principles of interdependence, seeking to cultivate a more integrated and mutually beneficial trade ecosystem. SAFTA's objective was broader and more ambitious, aiming to reduce customs duties on all traded goods to zero by the end of the agreement's first decade.

While SAFTA marked a significant departure from its predecessor, it was not without its own set of challenges. One such limitation was the introduction of the 'sensitive list', which allowed member states to exempt certain goods from tariff reductions. This list, although intended to protect domestic industries, often became a hindrance to genuinely free trade.

Then, the tensions between India and Pakistan, the two economic giants of SAARC, came to a head in 2019, leading to a reduction in bilateral trade. This fallout not only disrupted their mutual economic ties but also cast a pall over SAARC's broader ambitions.

While Pakistan and India's bilateral trade suffered, India maintained and even strengthened its trade relations with other smaller South Asian states. These engagements operated both within and beyond the SAFTA framework.

Conversely, Pakistan's trade with these states largely remained confined to the SAFTA regulations. The guidelines became restrictive, impeding the seamless flow of goods and services. Such hindrances have curtailed the potential for optimal trade between Pakistan and the smaller South Asian states.

In essence, the SAARC framework, initially poised to be a beacon of regional cooperation, has faced substantial challenges due to geopolitical realities and economic divergences. The SAFTA regulations acted as double-edged swords, facilitating trade in certain scenarios while posing limitations in others.

To understand the challenge that Pakistan is truly up against, a deep dive into the limitations of SAFTA will be instructive. The following is a list, though not exhaustive, of some of the implications of remaining in the status quo.

Challenges

1. **Political Dynamics and Tensions**
    - Pakistan-India tensions have intermittently impacted Pakistan's trade relations with other South Asian states. Such tensions can lead to strained diplomatic ties, indirectly influencing trade policies and agreements.
2. **Lacking Trade Facilitation Measures**
    - The absence of efficient customs procedures, delays at border crossings, and lack of standardised trade documentation hinder smooth trade operations, increasing costs and transaction times.
    - Complex customs procedures and non-transparent nontariff measures (NTMs) also contribute to high trading costs.
3. **Limited Transportation and Connectivity**
    - This has been a recurrent theme in Pakistan’s trade issues with the smaller states. South Asia lacks an integrated transportation network. Inefficient road and rail connectivity, coupled with limited direct sea and air links, can escalate transportation costs and reduce the competitiveness of goods.
    - Costs of trading within South Asia are significantly higher than in other comparable trade blocs, 20 per cent higher than trade between East Asian countries for instance, due to poor transportation and logistics infrastructure.
4. **SAFTA's 'Sensitive List'**
    - The 'sensitive list' under SAFTA, intended to protect domestic industries, often acts as a barrier. With a considerable number of products being exempt from tariff reductions, genuine free trade becomes challenging.
    - Almost 35 per cent of the value of intraregional trade in South Asia is subject to sensitive list tariffs, with SAFTA providing no clear guideline for its phaseout.

5. **Para-tariffs as Hidden Barriers**
    - Para-tariffs, additional charges or fees on goods that effectively act as tariffs, significantly raise the nominal protection rate. This, in turn, distorts the intended tariff liberalisation effects, rendering trade agreements less effective and causing unpredictability in trade costs.
6. **Non-Tariff Barriers (NTBs)**
    - Despite SAFTA, countries maintain non-tariff measures, including quotas, embargoes, sanctions, and other regulatory hurdles, which can significantly impede trade.
    - Complex and non-transparent non-tariff measures, such as those related to sanitary and phytosanitary standards (SPS) and technical barriers to trade (TBT), account for many of the nontariff barriers in South Asia.
7. **Inconsistent Regulatory and Quality Standards**
    - Varying standards related to product quality, safety, and manufacturing can pose challenges. A product approved in one country might face regulatory hurdles in another due to these inconsistencies.
    - Misunderstandings arise due to a lack of information on regulations and standards, often leading to perceived rather than actual NTBs.
8. **Mutual Recognition Agreements (MRAs)**
    - The absence of MRAs means that products certified or tested in one country are not necessarily recognised in another, leading to duplicative testing and certification processes, thereby delaying trade.
    - Information asymmetries often lead to misperceptions about NTMs. Addressing these can pave the way for MRAs in the future.
9. **Currency Fluctuations and the Absence of Banking Channels**
    - Exchange rate volatilities can impact trade competitiveness. Additionally, limited banking

channels and restrictions on financial transactions can further complicate trade payment processes.

10. **Limited Product Diversification**
    - Pakistan's export portfolio to these states often lacks diversification, relying heavily on traditional products like textiles and agricultural goods. This lack of variety can limit the scope of trade engagement.
    - Variations occur across countries in the trade gap, showing a disparity in product trade.
11. **Perception and Trust Deficit**
    - Historical events, political narratives, and media influence can lead to a trust deficit between countries, affecting both business-to-business and government-to-government trade relations.
    - A study found that initiatives like the Bangladesh–India border haats program which introduced enhanced people-to-people interactions significantly built trust and directly increased trade. This is something that Pakistan still lacks.[26]

Conclusion

Today, Pakistan must face this reality: as the second-largest South Asian regional power it is nowhere near asserting its worth. While Pakistan continues to coast, India continues to make strides in regional connectivity. Its recently announced tripartite power deal with Bangladesh and Nepal, which brings Bhutan and Sri Lanka into its fold, is one such example.[27]

If Pakistan is to dream of an integrated future, it must look beyond the confines of SAARC. As major improvements to the SAFTA framework are unlikely without Indian cooperation, Pakistan must come up with new ways to engage with the smaller states, honouring the idiosyncrasies of each shared trade profile. A country-by-country approach may be taken in the absence of a single unifying factor.

In a world increasingly defined by interdependence, the time is ripe for these nations to look beyond historical impediments and harness the potential that mutual trade cooperation offers.

The Way Forward

1. **Diplomatic Engagement Beyond SAARC**
    - In the absence of SAARC activity, Pakistan must engage proactively on other economic forums such as The Trans-Himalayan Forum under China's BRI initiative, which has the potential to improve Nepal's connectivity with Pakistan,[28] and the Developing-8 (D-8) bloc which includes Pakistan and Bangladesh.
    - Pak-India relations are likely to remain thorny, but moving towards improved dialogue should be on the cards.
2. **Enhance Trade Facilitation Measures**
    - Streamline customs procedures and harmonise documentation standards. Establishing digital portals for efficient documentation and clearance is necessary.
3. **Infrastructure and Connectivity Investment**
    - Develop integrated transport corridors, focusing on road, rail, sea, and air connectivity. Prioritise direct links between major trade hubs, particularly with Sri Lanka and Maldives which have expressed their interest.
4. **Reduce SAFTA's 'Sensitive List' and para-tariffs**
    - Accelerate the phase-out of the 'sensitive list' under SAFTA. Implement a time-bound reduction schedule, ensuring protection only for exceptionally critical industries.
    - Initiate dialogues to establish a clear, time-bound roadmap for reducing and eventually eliminating para-tariffs in the region. Prioritise transparency in tariff structures, ensuring that any protection measures are clear and consistent across countries, and avoid hidden barriers like para-tariffs.
5. **Address NTBs**
    - Create a transparent mechanism for reporting and addressing NTB complaints, combined with awareness

campaigns to inform traders about standards and regulations.

6. **Harmonise Regulatory and Quality Standards**
   - Establish regional committees to align product standards, quality measures, and certifications. Organise workshops to share best practices across member countries.
7. **Push for Mutual Recognition Agreements (MRAs)**
   - Initiate dialogues to establish MRAs across critical sectors, prioritising sectors with significant trade volumes and potential.
8. **Stabilise Currency and Strengthen Banking Channels**
   - Collaborate on regional monetary policies to stabilise currencies and set up robust banking channels dedicated to facilitating trade payments and transactions.
9. **Promote Product Diversification**
   - Organise trade fairs and expos to introduce a variety of products to regional markets. Encourage SMEs to innovate and diversify their offerings.
10. **Inclusive Policies for Trade Imbalances**
    - Develop mechanisms to balance trade, including incentivising exports in sectors where there is a deficit and facilitating imports where there's a surplus.
11. **People-to-people contact for trust-building**
    - Foster cultural, educational, and people-to-people exchange programs. Emphasise the shared history and common cultural ties to build trust at grassroots levels. This could be done through educational exchange programs.

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