

South Asian Free Trade Agreement (SAFTA)

South Asian countries signed a framework agreement on free trade (SAFTA) in January 2004; that will open up new avenues of economic cooperation to the benefit of over 1.4 billion people.

Trade Liberalisation under SAFTA

	Non Least Developed States (NLDS) India, Pakistan, Sri Lanka	Least Developed Countries (LDC) Bangladesh, Nepal, Bhutan, Maldives
Phase 1	Reduce tariffs from existing levels to 20% during Jan 1, 2006 to Jan 1, 2008 of equal proportions annually	Reduce existing tariff rates to 30% within 2 years after the agreement comes into force on Jan 1, 2006
	If tariffs are already less than 20% by that Jan 1, 2006, reduce the actual tariff by 10% each during the two years between Jan 1, 2006 and Jan 1, 2008.	If the rates are already below 30% by Jan 1, 2006, there will be an annual reduction of 5% for each of the two years up to Jan 1, 2008
Phase 2	With the exception of Sri Lanka, reduce tariffs from 20% or below to 0- 5% within five years by Jan 1, 2013, Sri Lanka gets an additional year till Jan 1, 2014	Reduce tariffs from 30% or below to 0- 5% in 8 years, by Jan 1, 2016.