

South Asian Preferential Trade Agreement (SAPTA)

Despite tariff concessions being made in a large number of items (a total of 6000 tariff lines) intra regional trade among countries in the region is very low (mere 4% of total trade). Reasons given for such low level of trade is limited number of concessions offered under the agreement, irrelevance of much of the concessions that has been offered, limited depth of tariff cuts, failure to deal with non tariff issues and restrictive rules of origin. In addition the political tensions between the two largest economies in the region, India and Pakistan have also been a major stumbling block in achieving effective regional cooperation. Exports to SAPTA countries still remain relatively low. Imports from India have increased due to FTA with India not because of concessions offered under SAPTA.

Trade between Sri Lanka and other SAPTA countries

Year	As a % of Total Exports	As a % of Total Imports
1999	3.1	10.5
2000	3.4	9.7
2001	3.3	11.9
2002	5.5	15.6
2003	6.8	17.6
2004	8.8	19.8