

**Enhancing Trade in Textile and Clothing in South Asia:
The Role Trade Facilitation Can Play**

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Abstract:

South Asia is one of the least integrated regions in the world. The textiles and clothing (T&C) sector is one of the most important and leading sectors for South Asian countries. Intra-SAARC trade in textile & clothing outweighs intraregional trade in any other product. However, the literature indicates that inadequate trade facilitation measures have become the leading non-tariff barriers that reduce intra-regional trade in South Asia. Against this backdrop, it is essential to conduct a study to estimate the gains that can be acquired by adopting improved trade facilitation measures for trade in textiles and clothing. Therefore, using a standard gravity model, the main objective of this study is to identify the nature and extent to which trade facilitation can help to improve trade flows among South Asian countries and their trading partners. This study finds that bilateral trade flows in South Asia are influenced by time delays in trade, the quality of port infrastructure, customs efficiency and cost of trade. The findings of the study suggest that policy makers in South Asia must promote trade facilitation in order to boost merchandise trade among countries in the South Asian region.

Key Words: Trade Facilitation; Gravity Model; South Asia and Textile & Clothing.