

“Regional Integration: SAARC” Recommendations

Background

Policy Research Centre Bangladesh (PRC.bd), a civil society Think Tank, based in Dhaka, Capital city of Bangladesh organized a two daylong Roundtable Deliberation of experts from SAARC countries on “Regional Integration: SAARC” on the 27 and 28 January 2013 presided over by Chairman and CEO of PRC.bd and Vice Chancellor, Darul Ihsan University Prof. Dr. Akbaruiddin Ahmad. The conference was inaugurated by H.E Dr. Dipu Moni, Foreign Minister of Bangladesh, while H.E Dr Sarath Amunugama, Senior Minister for International Monetary Cooperation of Sri Lanka attended as Special Guest. List of other participants are attached as Annexure “A”.

The objective of holding a Roundtable on “Regional Integration”: SAARC was to discuss the critical issues affecting the growth and integration of the SAARC and come up with recommendation for narrowing those gaps. PRC.bd felt it was a time to provide its platform where all the members of SAARC countries could discuss freely and objectively as to how we could develop more friendly and active relationship through regional cooperation amongst member countries, bring in for challenges, opportunity and aspirations of the people of South Asia. The discussants to active part in the conference and made their valuable contributions towards advancing the concept of SAARC to the next level.

Specific Recommendation’s by Special Guests

Foreign Minister Dr. Dipu Moni

- The Bangladesh Foreign Minister emphasized that while the SAARC since its inception functioned at the level of G2G (Government to Government) and B2B (Business to Business) and the time has now come to move it to the level of P2P (People to People) and she also stressed the need for combating and preventions of children and women trafficking for prostitution, criminal activities, terrorism, convention on narcotics and drugs.
- She highlighted the areas such as implementation of SAFTA to accelerate trade, streamline the tariff and non-tariff barriers, custom cooperation, for greater cooperation and mutual benefit.

- Foreign Minister also mentioned the importance of developing functional facilities and institutions in order to promote greater integration. Institutions under SAARC such as Development Fund, South Asian Regional Standard Organization, eleven regional centres and other different fields of co-operation have been established to expedite integration of SAARC region.
- SAARC challenges can be met with combined approach and greater interactions between civil society think tanks and the private sector may complement this process.

Dr Sarath Amunugama, Senior Minister for International Monetary Cooperation of Sri Lanka

- Urged the need for strong cooperation amongst SAARC countries taking into account India's size, population, geographical proximity, particularly its financial capacity to invest in other member countries.
- Extolled SAARC countries to go beyond SAARC to participate in global business like India and China is doing for making a stronger economy.
- Stressed on the need of strong connectivity among SAARC countries by air, road and sea to boost communication both for trade and mobility.
- Suggested flexible administration in SAARC region to overcome the existing bottlenecks of movement of trade and people.
- Suggested that member countries explore their rich tourism resources to generate a foreign exchange and employment to boost their own economy.

Shamsher Mubin, BB

- Suggested that SAARC countries must work together to minimize its differences in the SAARC neighborhoods.
- Suggested challenges faced by SAARC such as connectivity, greater trade integration, terrorism etc. should be met proactively.
- Highlighted that SAARC unlike EU and ASEAN suffers from trust deficiency therefore there is a need for self-criticism, self-prescription and self-inspection.

Mr. Q.A.M.A Rahim, Former SAARC Secretary General

- Suggested functional application of SAFTA in member countries
- Suggested integration of trade in the SAARC region for creating mutual benefit economically between member countries
- Suggested the success of the SAARC should be viewed in the context of its nonexistence and assessed in lieu of its achievements regionally and utilize its challenges as learning to strengthen the functionality of the SAARC ideology

Overall Conference Recommendations

The conference addressed the importance of bridging the gap, creating better understanding and promoting amity and comprehensive cooperation in order to enhance effective linkages and connectivity for greater movement of people, increased investment and trade in the SAARC region. The conference highlighted the following sector for mutual benefit.

Trade:

- I. To promote greater integration among SAARC countries through trade expansion and implementation of the South Asian Free Trade Agreement (SAFTA).
- II. To ensure liberalization of trade through effective easing of tariff barrier and target of free trade area by 2015, existing trade barriers for common and interdependent items should pragmatically be examined for mutual benefit with due regards for safeguarding local entrepreneurship.
- III. To ease travel restrictions including visa formalities in order to create greater business opportunities (inclusive of tourism) among SAARC countries.
- IV. To promote foreign direct investment in the member countries, incentive such as profit repatriation and attractive tax holiday regime may be introduced for setting up new businesses and industries.
- V. To setup ONE STOP SERVICE in order to enhance networking, sharing of information and database for business and industry.
- VI. To allow unrestricted inward remittances of funds for doing business and setting up of industries and employment of experts from member states for operational purposes with due emphasis of transfer of technology and development of human resources.
- VII. To encourage intra - state free import and export to reverse the present low level of exports and to ensure equitable trade balance among the member states.

Connectivity:

- I. To strengthen intra-SAARC linkages of various roads, rail, aviation and inland water corridors are essential. Land connectivity should get priority among the SAARC countries.
- II. Two priority routes connecting the Asian Highway Project should be reconsidered for Implementation:
 - i. One connecting Iran, Afghanistan, Pakistan, India, Bangladesh, Myanmar, Thailand, and Vietnam
 - ii. The other connecting Iran, Pakistan, India, Nepal, Bangladesh and Myanmar.

- III. To negotiate on the issue of using Chittagong and Mongla sea ports by Nepal, Bhutan and India.
- IV. To improve trade with India, rail link is essential between Akhaura and Agartala
- V. To expedite collaboration for the construction of deep sea port near Cox's Bazar/ Bay of Bengal through active participation of USA, China and ASEAN.

Security:

- I. To create friendly and peaceful border between the neighboring countries in order to avoid incidences of death and injury.
- II. To ensure proper security framework in the SAARC region.
- III. To establish regional cooperation among SAARC to combat organized crime and terrorism.
- IV. To develop an action plan to initiate formation of SAARCPOL like Europol

Food Security:

- I. To share technology for achieving better food production between member countries.
- II. To develop a meaningful system for quicker transportation of food products with hassle free border formalities during emergency.
- III. To make SAARC Food Reserve operational.
- IV. To develop regional block for both agro-production and agro-marketing that will ensure increased rate of production with provisions for export allowed after meeting the internal national demand.

Resource Management:

Energy / Water

- I. To promote development of energy resources, including hydropower and energy trade in the region.
- II. To develop renewable and alternative energy resources and promote energy efficient technology in the SAARC region.
- III. To facilitate electricity in the rural sector of South Asia for economic development.
- IV. To develop greater understanding for water resource management with due concern for the lower riparian countries.

Climate Change:

- I. To establish SAARC Climate Change Research Cell with a view to undertake collective action plan involving younger generation for managing and reducing vulnerability to climate change for creating a sustainable environment.

Policy and Communication:

- I. To develop greater understanding among the SAARC countries, there must be effective regional coordination of social and economic policies and close association between the peoples and institutions of SAARC countries.
- II. To enhance the multi-sectoral institutional co-operation of SAARC with European Union and ASEAN
- III. To initiate mutual collaboration among the journalists from South Asian countries to integrate pro-people role and pro-development roles to facilitate hassle free movement of journalist within the member countries.
- IV. To highlight SAARC challenges in appropriate global forum collectively through secretariat or by individual participating member countries.
- V. To enhance the financial and institutional capacity of the SAARC Secretariat

Education:

- I. To enhance quality education among SAARC countries, a Centre of Excellence should be setup which could be used an essential tool for exchange of ideas, knowledge, technology and collaborative approach.

Culture:

- I. Promote cultural exchange and interaction program among the South Asian youth with a view to enhance their knowledge about individual countries' history, culture and civilization.

Vision for the future in Policy Research Centre Bangladesh's view

It is believed that greater cooperation and integration in a given region is possible only when there is a shared view, common consciousness, identity and fellow feelings among the member countries. For SAARC it is equally true. Although SAARC inherently lacks high level of institutional short comings and mired in trust deficiency yet reasonable degree achievements have been made for which leaders of our region deserve praise. To avoid and to overcome the existing shortcomings which the SAARC is confronted with, it is felt that organized must be further strengthened and expanded. The argument and debate for and against the expansion of SAARC can be made convincingly and on the basis of mutual understanding. New entry may accelerate the further advancement of SAARC's collective approach towards regional development. The conference strongly suggests the inclusion of China and Myanmar into the SAARC fold.

During the 2 daylong conference on 'Regional Integration: SAARC', it was observed by Dr. Sarath Amunugama, Senior Minister for International Monetary Cooperation, Sri Lanka that SAARC provides a platform where people can discuss issues relating to regional cooperation and integration. He noted its impressive gains over the years by referring to the following

- Agreement on South Asian Free Trade Area (SAFTA) and Trade in Services (SATIS),
- Establishment of SAARC Arbitration Council,
- Agreement on Customs Matter,
- Agreement on establishing the SAARC Food Bank and the SAARC Seed Bank,
- Agreement on Conformity Assessment and on regional standard for products.

PRC.bd would like to reaffirm the above achievements as SAARC's major breakthroughs.

In wrapping up the two daylong conference on "Regional Integration: SAARC" we would like to reiterate the statement of the honorable Foreign Ministry Bangladesh that the SAARC potential can be best utilized by G2G (Government. to Government.), B2B (Business to Business) and P2P (People to People) co-operation. SAARC first embarked on G2G and then on P2P. In recent time the importance of B2B co-operation for accruing more meaningful economic benefits has been realized. Cooperation at P2P and B2B should be more rigorous if we really wish to further the progress towards regional integration. SAARC's future depends on its ability to address the above challenges. Greater interaction under SAARC among civil societies, think-tanks and private sectors may play active role to meet these challenges.

Views of the Conference Moderator Prof. Dr. Akbaruddin Ahmad

- The conference “Regional Integration: SAARC” has been a highly successful with participation of representatives from SAARC countries, think tanks, academicians, diplomats, administrator, media.
- As follow-ups to this conference, the next conference may be held in Sri Lanka. A delegation from PRC.bd will participate in such an event. The honorable Senior Minister, Sri Lanka has expressed his desire to host such a conference soon in Kandy, a seaside resort in Sri Lanka. This can be followed up on quarterly basis in some other venue/country. PRC.bd is willing to coordinate such conferences where it feels will enhance the possibility of greater understanding and cooperation between SAARC member countries.
- Cooperation in power generation in countries like Bhutan and Nepal can help the energy starved areas of seven sisters of India and Bangladesh.
- Relaxed visa regime within SAARC region for tourism, business and education will benefit the member countries.
- Students/faculty exchange program at the university level of SAARC countries will promote goodwill, understanding and sharing of technical facilities.

ANNEXURE - A

- H.E. Dr. Dipu Moni, Foreign Minister, People’s Republic of Bangladesh
- Dr Sarath Amunugama, Senior Minister for International Monetary Cooperation of Sri Lanka
- Prof. Dr. Akbaruddin Ahmad, Chairman, Policy Research Centre Bangladesh and Vice Chancellor, Darul Ihsan University
- Shamsheer M. Chowdhury, B.B, Former Foreign Secretary
- Dr Dinesh Bhattarai, Nepal's former permanent representative to the United Nations
- H.E Mr. Garban De Jong, Netherland’s Ambassador to Bangladesh,
- H.E Mr. Myp Myint Than, Ambassador of Republic of the Union of Myanmar to Bangladesh,
- H.E Mr. Sarath K. Weragoda, Sri Lankan High Commissioner to Bangladesh
- H.E Mr. Hari Kumar Shrestha, Ambassador of Nepal to Bangladesh
- Mr. Q.A.M.A Rahim, Former SAARC Secretary General
- H.E Ambassador Ashraf ud Doula, Senior Vice President and COO, PRC.bd
- Kinzang Dorjic, Head of Chancery, Royal Bhutanese Embassy
- Heather N. Jacobsen, Political Officer, Embassy of the United States of America, Dhaka, Bangladesh.
- Mary Grace Villamayor, Charge de Affairs, Embassy of The Philippines
- Rokia Afzal, President, Bangladesh Federation of Women Entrepreneurs
- Abraruddin Ahmad, Vice Chairman, PRC.bd
- Mr. Mahbub Husain Khan, Special Advisor, PRC.bd and Pro Vice Chancellor, Darul Ihsan University
- Tha Cedric White, Country Manager – Chief Operating Officer, Mac-Abc Supply Chain Solution Ltd
- Jerel Sriantha De Alwis, Managing Director, Ceylon Biscuits Bangladesh (Pvt.) Ltd
- Iqbal Ahmed, Director SAARC and Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation (BIMSTEC)

Annexure – B

Abridged Speech of Selected Special Guests

- I. **Foreign Minister of Bangladesh Dr. Dipu Moni** in her deliberation stated that the establishment of SAARC is a unique experience for the major breakthrough in the diplomatic relationship of this region. She said that although there are differences of opinion and/or contradiction within the smaller culture, SAARC has very high expectations with great challenges in the region. She also pointed out that SAARC is often compared with ASEAN and EU which is unfair as socio economic situation of the region differs to a great extent. Although over the years the progress and development of SAARC are not remarkable, but achievements are can less be assessed by the trade deals such as South Asian Free Trade Agreement (SAFTA) and establishment of SAARC food bank and seed bank. She further mentioned that success depends on mutual trust and cooperation. However progress in trade and commerce are less than our expectation. SAFTA has crossed US\$ 2 billion, which is not only far below the potential but much lower. She also mentioned that in almost two decades the tariff and non-tariff barriers were not settled. The custom co-operation which is the key to regional economic integration is still at the minimum stage. There is no doubt the region suffers institutional capacity deficit, despite the availability of so many institutional mechanism. Each of the SAARC state appears to have relatively low self economic base, which renders them vulnerable to external shock. She further addressed that it is time to actively improve the structure of this present scenario with the aim to accelerate intra-regional trade and investment, in order to withstand any external economic turmoil that might occur in the future.

- II. **Dr Sarath Amunugama, Senior Minister for International Monetary Cooperation of Sri Lanka** in his speech emphasized how we can further utilize our bilateral relationship for our mutual benefit regardless of our socio political situations. He cited the example of India's investment and he mentioned Sri Lankan's investment in Bangladesh in banking, health, education and IT sector. Sri Lanka is looking forward to invest in food industries in Bangladesh. The minister also mentioned about the country's free trade with India as well as with Pakistan. The connectivity of Sri Lanka is well established with India. He felt the need for utilizing the economical labour force of SAARC countries for economic development by citing USA as an example which is largely exploiting our cheap for building stronger US economy.

- III. **Shamsher Mobin, BB** in his deliberation revisited the formation of SAARC, and the idea of how it was conceived and eventually launched nearly the three decades ago. He mentioned that the European Union and the ASEAN were formed primarily due to shared and perceived external security threat which is still prevalent among them and provides the basis for making those organizations stronger over the years. On the other hand the SAARC was formed for greater economic, trade and social co-operation without a similar shared external threat. He opined that although SAARC has not contributed as much as our expectation, but it has moved forward. He further mentioned that SAARC countries must work together to minimize its differences in the SAARC neighborhoods. SAARC faces various challenges such as like connectivity, greater trade integration, terrorism etc. which must be met proactively. He highlighted that SAARC unlike EU and ASEAN suffers from trust deficiency. So, there is a need for self criticism, self prescription, and self inspection. After recognizing these problems SAARC would be able to overcome issues very cautiously. He also acknowledged the contribution of China, being an observer, as the largest donor in SAARC program and projects. He also appreciated SAARC leaders for their initiative to update “Regional Agreement Act” to combat terrorism after 9/11 in the USA. He thanked PRC.bd for holding a seminar on “Regional Integration”: SAARC in appropriate time.
- IV. **Q.A.M.A Rahim, Former SAARC Secretary General**, in his presentation mentioned that SAARC has been formed to integrate their affairs particularly in the economic field. It is the geographical relationship that has made South Asia to get united. But achievements made by SAARC were very slow. He also informed that SAARC has many centres in Bangladesh, Sri Lanka, Maldives, Pakistan and India. Preferential trading arrangement in South Asia became operational from July 1995, after that concept of free trade was introduced. Instead of maximizing the benefit out of co-operation each of the country tried to cooperate by minimizing the perceived loss of the country. As a result SAFTA did not achieve much. He expects that SAFTA would be functional in all SAARC member state. He also mentioned that success of the SAARC has to be seen and assessed in the context of its nonexistence - were there no SAARC, would the region be able to achieve whatever it has achieved regional.