Inaugural Address by S.M. Krishna, Minister, External Affairs at Conference on South Asian Economic Integration

FICCI, New Delhi, 17/11/2009

Dr Amit Mitra, Secretary General, Federation of Indian Chamber of Commerce & Industry, Mr. Rajat Nag, Managing Director General, ADB
Dr Tariq Sayeed, Secretary General, SAARC Chamber of Commerce & Industry, Dr. Sheel Kant Sharma, Secretary General, SAARC, Distinguished delegates from SAARC member states, Ladies and Gentlemen,

It gives me great pleasure to inaugurate this very important and very timely Conference on South Asian economic integration, and to share some thoughts on this subject.

SAARC countries represent one-fifth of humanity. It is only through closer economic cooperation that we can harness the region's full potential and bring the fruits of development to its people. It is heartening to see that this Conference intends to go beyond broad generalities, to discuss specific themes including trade, customs union, the South Asia Free Trade Area (SAFTA) and building a SAARC "brand".

It is encouraging that we are already considering a SAARC "brand", an indicator of how dynamically this young regional organisation has grown. In fact, SAARC is already being "branded" in some ways, through (a) its regional projects being implemented out of the SAARC Development Fund; (b) increased people-to-people level activities; and (c) establishment of regional entities such as the South Asian University in New Delhi, the SAARC Standards Regional Organisation in Dhaka and the SAARC Arbitration Council in Islamabad. The SAARC "brand" is set to grow stronger in coming decades.

Let me assure you that India is committed to fulfilling its responsibilities in SAARC in an asymmetric and non-reciprocal manner for the benefit of the countries in the region. Recent exchanges in the SAARC Summits have catalysed SAARC's transformation from declaratory to implementation phase. The recent Ministerial Meeting of SAFTA has taken forward the ongoing negotiations for full implementation of SAFTA in letter and spirit. India has given zero duty access to Least Developed Countries (LDCs) from January 1, 2008, one year ahead of the target date and unilaterally reduced its Negative List with respect to LDCs from 744 to 480. A draft Agreement on Trade in Services is in the final stages of negotiation, to be ready for signature at the next SAARC Summit. Discussions are also ongoing in SAARC to strengthen financial integration with a view towards a regional Customs Union.

Ladies and gentlemen,

Let me now enumerate some of the milestones of SAARC.
The SAARC Food Bank is now operational with a total stock of 2,43,000 MT contributed by all SAARC member states. The establishment of the South Asian University is on schedule. We are in the process of acquiring 100 acres of land and are ready to disburse our financial commitment to the University to make it operational hopefully by July next year. The SAARC Development Fund’s Social Window is already funding regional projects in SAARC member states. The SAARC Textiles Museum in New Delhi is on the threshold of establishment.

The signing of the SAARC Convention on Mutual Assistance in Criminal Matters in Colombo at the 15th SAARC Summit has generated momentum for concluding agreements in other security related areas. For instance, a SAARC Regional Task Force recently finalized the Standard Operating Protocol on Trafficking of Women & Children.

People-to-people level exchanges and activities have risen significantly through SAARC training programmes, workshops and cultural activities. We have already held a SAARC Trade Fair, SAARC Handlooms and Handicrafts Exhibitions, South Asian Bands Festivals, SAARC Festivals of Literature, a SAARC Folklore Festival, a SAARC Food Festival and a SAARC Fashion Show.

A word about physical connectivity. I am glad that physical connectivity will be strengthened based on the recommendations of the SAARC Transport Ministers Meeting, which include (i) identifying three road corridors from SAARC member states through Pakistan to Afghanistan via the Attari-Wagah border; (ii) early commencement of Colombo-Cochin sea link; (iii) running of a demonstration container train from Pakistan to Bangladesh through India and Nepal; (iv) early commencement of direct air linkage between New Delhi and Male; and (v) establishment of an Expert Group to finalise Motor Vehicles and Railway Agreements.

As a mark of our commitment to regional integration, we have initiated regional projects in Telemedicine, Tele-Education, Solar Rural Electrification, Seed Testing Laboratories and Rainwater Harvesting that are progressing well.

Ladies and gentlemen,

No discussion on SAARC can be complete without touching upon the underlying factors affecting the overall political situation in our region. Given the shared history and common cultural, linguistic and ethnic ties, we see cooperation in South Asia as essential to the region’s overall stability and prosperity. However, our engagement in general and within SAARC in particular, falls far short when compared to the success achieved in other regions, such as ASEAN. Whereas prospects for cooperation are bright, a realistic assessment indicates that these prospects have, to an extent, become captive to the security situation. Issues such as cross border terrorism and incidents of anti-India activities from territories of our neighbouring countries have impacted on the process of regional economic engagement, connectivity and people-to-people contacts. While this is unfortunate, the fact remains that the state of overall political relations influences other processes, including economic and trade relations and the development of SAARC as an instrument of regional growth.
In conclusion, let me say that very often in history, nations and governments have followed the path first taken by entrepreneurs, businessmen and daring individuals, who have set out a course in difficult, and sometimes uncharted, waters. I do not wish to recount here the numerous such examples that exist in international affairs. While the government is committed to the process of building deeper regional integration, South Asia is also looking towards its entrepreneurs and businessmen, to play a leading role in promoting economic cooperation and help build a climate of mutual trust and confidence. The need of the hour for South Asia is to move beyond security issues that shackle it, into an era of mutual trust and mutually reinforcing growth and development. United, the South Asian countries can swim and smoothly tide over obstacles like the global financial crisis. Divided, we may well remain boxed in, holding our future hostage to hostile mindsets.

On this occasion of the SAARC Economic Integration Conference, I urge you all to dedicate yourself to the pursuit of greater flow of trade, investment, knowledge and skills, that would lead to a qualitative enhancement in the well being of the South Asian peoples. Let me assure you that the Government of India stands ready to assist you in every way in this noble endeavour.

I keenly look forward to a substantive outcome from this Conference, for use of our leaders at the next SAARC Summit.

Thank you.

November 17, 2009
FICCI Auditorium
New Delhi