

## Press Release

# **Regional cooperation must for South Asia to counteract the negative effects of the global economic crisis**

ISLAMABAD (12 September 2012): Experts speaking at the 5<sup>th</sup> South Asia Economic Summit being held in Islamabad unanimously agreed that the global economic crisis which started in 2008/09 has now entered into the second stage and has started taking a toll on the economies of South Asia. Along with raising concerns about the growth prospects of South Asia, the economic crisis has also provided an opportunity to enhance regional cooperation.

Dr Posh Raj Pandey, Executive Chairman of South Asia Watch on Trade, Economics and Environment (SAWTEE), said that there is every possibility that the current Eurozone crisis could result in a full-blown financial crisis. Therefore, South Asian countries, most of which are dependent on Europe and the US for their exports, need to prepare themselves by taking a balanced growth strategy that entails shift to domestic demand-oriented growth trajectory. Speaking in a session on global economic crisis, they also need to focus on making economic growth inclusive, making investments in infrastructure and productive capacity, improving financial sector performance, making productive use of remittances, and more importantly, deepening regional cooperation. He stressed that the economic crisis has provided an opportunity to South Asia to reorient its development strategy and make it more inclusive.

The other speakers, Dr Nagesh Kumar, Chief Economist of UNESCAP and Dr Kalpana Kochhar, Chief Economist of the World Bank, argued that since the centre of gravity of the world economy is decisively shifting towards Asia, including South Asia, the region's growth strategy should be based on policies to boost investors' sentiments, attract foreign direct investment, and advance regional cooperation in energy trade, goods and services trade, and transit trade, among others.

In a session on competition, participants stressed the need to get competition laws and policies implemented at the national level. Since the issue of competition extends beyond the national level when considering bilateral and regional trade, there is need to have cooperation among competition agencies in South Asia. Paras Kharel, Research Coordinator of SAWTEE, specifically argued that anti-competitive practices prevalent in almost all countries of South Asia have aggravated food price inflation. Therefore, while a strong political will is needed to implement the existing competition legislation, there is also a need to raise consumer awareness in this area.

Other sessions focused on regional cooperation in transport and logistics, welfare and sustainable development, services trade, migration and social accountability.