

Strengthening the Regional Cooperation **ROLE OF THE PRIVATE SECTOR**

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1



PRIVATE SECTOR IN SOUTH ASIA

*Stumbling blocks or building blocks
of Regional Integration?*



2

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STUMBLING BLOCKS

A force that resist dismantling of barriers to trade

Perceives Regional Integration as a **THREAT**

BUILDING BLOCKS

A force that encourages dismantling of barriers to trade

Perceives Regional Integration as an **OPPORTUNITY**



3

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ROLE OF THE PRIVATE SECTOR

Be **Building Blocks** NOT **Stumbling blocks**

Look at Regional Integration
as an **Opportunity** NOT as a **Threat**

Look at **Threats** as **Challenges**
that can be overcome



4



UNDERSTAND AND MANAGE STUMBLING BLOCKS

Trade Liberalization whether it is unilateral or reciprocal create both **LOSERS** and **WINNERS**

Focus should be **NATIONAL WELFARE** not **INDIVIDUAL WELFARE**

If **LOSSES** outweigh **GAINS** at national level then such liberalization measures need to be implemented

EVEN IF SOME SEGMENTS IN SOCIETY ARE HURT!



5

UNDERSTAND AND MANAGE STUMBLING BLOCKS



- Generally resistance come from import competing sectors
- Understand reasons behind resistance?
 - Cost? - Technology? - Skills? -Political gain?Why?
- Address concerns wherever possible
- Give breathing space...phase out liberalization
- Have polices that reduce adjustment/restructuring costs (e.g. labour laws make closure or downsizing of operations costly)
- Have polices in place to reduce the pain of losing parties
 - E.g. Unemployment....retraining....providing other skills...assist in finding employment in other sectors

PRIVATE SECTOR SHOULD LOBBY FOR POLICIES TO MINIMISE LOSSES AND OVERCOME CHALLENGES NOT BE A FORCE THAT RESIST REGIONAL INTEGRATION



6

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CREATE DYNAMIC BUILDING BLOCKS
Export Sectors are the best candidates



HOWEVER
 South Asian Exporters – still look to WEST

Country	Exports to EU 2009	Exports to US 2009	Other
Bangladesh	51.2	25.7	
Sri Lanka	36.9	23.1	
Pakistan	24.6	18.3	
India	20.5	10.8	
Maldives	31	49 (Thailand)
Nepal	11.1	7.1	63.5 (India)
Bhutan			93.5 (India)

Source: WTO Country Trade Profiles



7

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CREATE DYNAMIC BUILDING BLOCKS

Western markets are shrinking, Asian markets are expanding

However, both Tariff and Non Tariff barriers to trade and investments **in South Asia** are high



Indicator	East Asia and Pacific	OECD	Latin America and the Caribbean	South Asia	Sub Saharan Africa
Cost to Export (US\$ per container)	889.8	1058.7	1228.3	1511.6	1961.5
Cost to Import (US\$ per container)	934.7	1106.3	1487.9	1744.5	2491.8
Time to export (days)	22.7	10.9	18.0	32.3	32.3
Time to import (days)	24.1	11.4	20.1	32.5	38.2

Source: Doing Business Indicators 2011, World Bank

Regional Integration can assist reduce costs of doing business with neighbors



8

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BEING BUILDING BLOCKS IN REGIONAL INTEGRATION

ROLE OF THE CHAMBERS OF COMMERCE/TRADE AND INDUSTRY CLUSTERS

- Be an active and constructive partner in Trade Negotiation Process, not a mere observer and a destructive critique
- Learn and be knowledgeable on trade negotiations/trade agreements – Ignorance sometimes can be the main reason for fear and resistance
- Build in house expertise to conduct research to assess costs and benefits from a private sector perspective
- Lobby to have policies/strategies in place to minimize adjustment costs
- Take positions based on national interest not on individual interests of stakeholders
- Think long term.....see long term benefits not only short term costs



9

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CREATE DYNAMIC BUILDING BLOCKS

At the Ceylon Chamber of Commerce, *We are taking Small Steps in the Right Direction*

CCC TRADE CELL since 2006

"Facilitator of an effective public - private dialogue on trade agreements"

- ☺ Lobby for the interests and concerns of the Business Community on New FTA's, revision of existing FTA's and on WTO Agreements
- ☺ Create an effective dialogue on the operational issues related to trade agreements
- ☺ Creating awareness of opportunities and challenges

The inputs to create an effective trade agreement should come from the private sector

They know the business opportunities

They know the Business Risks

They know the Barriers to Trade and Invest

Being the ones that actually trade, they would have the best solutions

WITHOUT THESE INPUTS, PUBLIC OFFICIALS WOULD NOT HAVE THE MATERIAL NECESSARY TO NEGOTIATE AN EFFECTIVE TRADE AGREEMENT



10

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CREATE DYNAMIC BUILDING BLOCKS

At the Ceylon Chamber of Commerce, *We are taking Small Steps in the Right Direction*

CCC TRADE CELL – *Some of the things we do*

- ☞ Provide training opportunities to staff and companies on trade agreements/trade negotiations
- ☞ Organizing meetings between the relevant Government Authorities and the Private Sector Stakeholders
- ☞ Regular participation at trade policy meetings
- ☞ Conducting Surveys to find out the views and interests of the private sector
- ☞ Compiling publications highlighting opportunities and challenges of existing and proposed trade agreements
- ☞ Newsletter to keep the private sector up to date on what is happening on trade negotiations
- ☞ Organizing Seminars/Workshops to enhance awareness



11

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Thank You



12