



Regional Economic Integration, Climate Change and Food Security Agenda for the Decade 2011-2020

Background

South Asia is home to the largest number of poor people on earth. Although poverty in proportionate terms has been declining in most of the countries of the region, the absolute number of people living in poverty has not declined substantially. The countries of the region are poor scorers on overall as well as different measures of human development. National level efforts to reduce poverty and enhance human development in South Asian countries have been in place for decades, but without much success. In a region where countries, to a significant extent, have a number of shared identities, regional cooperation will have the potential to contribute enormously to poverty reduction and human development in all countries of the region. This realization has its genesis in the Asian Relations Conference held in New Delhi in 1947; however, it was formalized with the establishment of the South Asian Association for Regional Cooperation (SAARC) in 1985.

SAARC has completed 25 years of its existence. Two of the objectives behind the establishment of SAARC are the acceleration of economic growth, social progress and cultural development in the region; and the promotion of active collaboration and mutual assistance in the economic, social, technical and scientific fields. The signing of the SAARC Preferential Trading Arrangement (SAPTA) in 1993 was a major first step forward in the direction of economic cooperation in South Asia. The realization of the need to move to higher levels of economic cooperation resulted in the signing of a Framework Agreement on South Asian Free Trade Area (SAFTA) in 2004, which became operational in 2006. However, intra-regional merchandise trade, which is one of the most important indicators to measure the depth of regional economic cooperation, still hovers at around 5 percent of the total merchandise trade of South Asian countries. Some other areas in which regional cooperation is essential and for which efforts have been made at the SAARC level include poverty, food security, environment, energy, and so on.

In the 16th SAARC Summit held in Thimpu, Bhutan in April 2010, SAARC Leaders themselves admitted that SAARC has not been able to deliver much in almost all areas of regional cooperation. With the realization that not much progress has been achieved in the last 25 years, “they resolved that the Silver Jubilee Year should be commemorated by making SAARC truly action oriented by fulfilling commitments, implementing declarations and decisions and operationalizing instruments and living up to the hopes and aspirations of one-fifth of humanity” (emphasis added).

Context

Food insecurity is a major development challenge for all South Asian countries. According to the Food and Agriculture Organization of the United Nations, about 20 percent of the South Asian population is still undernourished. Efforts at the national level, and to some extent at the regional level, have not been adequate to ensure food security of the masses in the region. And now, new and emerging threats such as climate change are going to add to the already precarious conditions of people, mostly the poor and vulnerable, living in South Asia.

Climate change is going to have severe implications for the region’s biodiversity on which mostly the poor, and more importantly women, depend for their survival. It is also going to adversely impact other areas of the economies. It has been predicted that climate change is going to worsen agriculture production and productivity in South Asia in such proportions that the region is going to face the greatest yield decline in almost all crops thereby aggravating food insecurity. These issues have a direct bearing on the livelihoods of a vast majority of people, mostly the poor and vulnerable farmers who constitute a majority of the region’s population. Consequently, it is going to retard the minimal progress achieved in poverty reduction and impact the drive towards the achievement of enhanced human development in South Asia.

Food insecurity and climate change, however, do not undermine the need for effective regional cooperation in South Asia in other previously identified areas. For example, an issue that has been identified and much discussed about is the effective implementation of SAFTA, which continues to be hampered by, among others, long sensitive lists, impractical rules of origin, and the existence of para- and non-tariff barriers. Similarly, the need to expand SAFTA's coverage by including trade in services and intra-regional investment within its remit is another important area of debate and discussion. This is because services constitute about 50 percent of the gross domestic product in all South Asian economies.

It is encouraging that the region's leaders signed the SAARC Framework Agreement on Trade in Services (SAFTAS) in the recently concluded 16th SAARC Summit, but it is yet to be ratified. The negotiation on regional services trade liberalization, based on the Framework Agreement, will commence after its ratification by all members. It is necessary that due consideration will be given in the negotiation process to ensure that all the member countries, including the least-developed ones, benefit from the implementation of the agreement. The Summit also emphasized the need for greater intra-SAARC investment promotion efforts but measures to enhance private investment in regional development initiatives and address the region's developmental needs are yet to be identified. Some other important issues which need special consideration in South Asia are the marginalization of the least-developed countries (LDCs), labour migration and remittances, regional connectivity, energy cooperation, trade facilitation, and monetary cooperation. The roles of all relevant stakeholders, including political leaders, policymakers and the private sector, are extremely important for a meaningful regional cooperation in these different areas in South Asia. This has also been recognized in the 16th SAARC Summit Declaration. But such recognition will be meaningful only if implemented in earnest.

South Asia Economic Summits

The 1st South Asia Economic Summit was organized in Colombo on 28-30 August 2008 amidst the global food crisis. Building on the 1st Summit, the Second South Asia Economic Summit was organized in New Delhi on 11-12 December 2009. The central theme of the Second Summit was "South Asia in the Context of Global Financial Meltdown". The Summit focused on a number of regional cooperation issues, most of them in connection with the global financial crisis. To ensure that the regional integration process in South Asia will ultimately result in positive outcomes for all, mainly in reducing poverty and enhancing human development, sharing of knowledge, experiences and ideas among all stakeholders should be a continuous process. Therefore, as part of our efforts to contribute to the process, the 3rd South Asia Economic Summit was held on 17-19 December 2010 in Kathmandu. The core theme of this Summit was "Regional Economic Integration, Climate Change and Food Security Agenda for the Decade 2011-2020".

Objectives

The broad objective of the 3rd South Asia Economic Summit was to facilitate a dialogue between relevant stakeholders for identifying and prioritizing pertinent trade, socio-economic and climate change issues for regional cooperation in South Asia.

The specific objectives of the Summit were to:

- Follow up the implementation of SAARC commitments on trade, socio-economic and climate change issues.
- Identify other emerging trade, socio-economic and climate change issues for broadening and deepening regional cooperation.
- Discuss the special needs of the LDCs and the vulnerable economies of the region and suggest measures for their meaningful integration into the regional economy.
- Identify immediate steps that need to be taken by SAARC and member states to realize the gains of regional integration.

Issues discussed

The Summit covered a wide range of trade, socio-economic and climate change issues that are critical to enhancing and deepening regional cooperation in South Asia, some of which included:

- Enhancing merchandise trade in South Asia.
- Regional cooperation on climate change.
- Services trade in South Asia.
- Trade and climate change issues for South Asia.
- Action plan on energy cooperation in South Asia.
- Food security agenda for South Asia.
- Integration issues for South Asian LDCs.
- Transport and connectivity issues in South Asia.
- Trade facilitation and integration in South Asia.
- Labour migration and policy choices for South Asia.
- Roles of peoples' representatives and the private sector in strengthening the regional cooperation process in South Asia.

Participants

The Summit was participated by representatives of governments, policymakers, political parties, business community, international and intergovernmental organizations, development partners, civil society, academia and media.

Organizers

South Asia Watch on Trade, Economics and Environment (SAWTEE) and South Asia Centre for Policy Studies (SACEPS) were the main organizers of the 3rd South Asia Economic Summit. It was organized in partnership with the Asian Development Bank (ADB), the Commonwealth Secretariat, Oxfam Novib, the United Nations Development Programme-Regional Centre in Bangkok (UNDP-RCB) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and in collaboration with Centre for Policy Dialogue (CPD), Institute of Policy Studies of Sri Lanka (IPS) and Research and Information System for Developing Countries (RIS).

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