



Fourth  
South Asia  
Economic Summit

**Fourth South Asia Economic Summit (SAES IV)**  
**Global Recovery, New Risks and Sustainable Growth**  
***Repositioning South Asia***

Dhaka, Bangladesh: 22-23 October 2011

**SUMMARY OF THE PROCEEDINGS  
AND RECOMMENDATIONS**

**30 October 2011**



CENTRE FOR POLICY DIALOGUE (CPD)  
B A N G L A D E S H  
a civil society think-tank

## **Fourth South Asia Economic Summit (SAES IV)**

Dhaka, Bangladesh: 22-23 October 2011

### **Organiser**

Centre for Policy Dialogue (CPD), Dhaka

### **Co-organisers**

Institute of Policy Studies of Sri Lanka (IPS), Colombo  
Research and Information System for Developing Countries (RIS), New Delhi  
South Asia Centre for Policy Studies (SACEPS), Kathmandu  
South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu  
Sustainable Development Policy Institute (SDPI), Islamabad

### **Partners**

Asian Development Bank (ADB)  
Canadian International Development Agency (CIDA)  
Commonwealth Secretariat  
United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP)  
Friedrich-Ebert-Stiftung (FES), India  
The Royal Norwegian Embassy in Bangladesh  
Oxfam Novib  
United Nations Development Programme (UNDP), Bangkok

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## Background

The Fourth South Asia Economic Summit (SAES IV) was organised on 22-23 October 2011 in Dhaka, in continuation of the three earlier SAES events held in Colombo, New Delhi and Kathmandu. The overarching theme of the SAES IV was *Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia*. Within this broad theme, the event also focused on a set of cross-cutting issues and a cluster of thematic issues.

A major objective of the SAES initiative was to advance the cause of regional integration in South Asia through discussion and deliberations by key stakeholders on issues of interest and concern to countries and people of the region. The vision of the SAES initiative was to gradually evolve into a *South Asian Davos*.

Centre for Policy Dialogue (CPD) organised the SAES IV jointly with Institute of Policy Studies of Sri Lanka (IPS), Colombo; Research and Information System for Developing Countries (RIS), New Delhi; South Asia Centre for Policy Studies (SACEPS), Nepal; South Asia Watch on Trade, Economics and Environment (SAWTEE), Kathmandu; and Sustainable Development Policy Institute (SDPI), Islamabad. Partners of SAES IV included Asian Development Bank (ADB), Manila; Canadian International Development Agency (CIDA), Dhaka; Commonwealth Secretariat, London; United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), Bangkok; Friedrich-Ebert-Stiftung (FES), New Delhi; OXFAM Novib; The Royal Norwegian Embassy, Dhaka; and United Nations Development Programme (UNDP), Bangkok. In hosting this event, CPD has drawn on the capacity building support under the Think Tank Initiative (TTI) of which CPD became an awardee through a globally competitive process in 2010.

About 85 overseas participants including ministers from SAARC countries and high level policymakers, concerned government officials, leading experts and academics, trade and industry leaders, non-government development policy activists, and representatives of multilateral institutions from the region and beyond participated at the Summit. They were joined by a select set of Bangladeshi participants. They included leading experts, high level policymakers, development practitioners, diplomats and representatives of the development partner community in Bangladesh.

The present document, whilst not exhaustive, attempts to capture a summary of the deliberations and recommendations put forward by the participants at the various plenaries and sessions of the SAES IV.

This summary will be forwarded to the appropriate focal points of the preparatory process of the Seventeenth SAARC Summit which is scheduled to be held in Addu City, Maldives on 9-11 November 2011.

## 1. OVERVIEW

### a. Global Crisis

- South Asia has shown remarkable resilience in the face of the recent global financial crisis. There was general agreement that the experience of South Asian region has been an exception from the perspective of navigating the adverse impacts of the global recession.
- Reasons informing the region's fast recovery from the crisis were:
  - Sound and flexible economic policies
  - Balanced growth strategy
  - Trade patterns
  - High domestic demand.
- The South Asian region was being adversely affected by the current global downturn and was likely to face new challenges from a possible double-dip recession.
- An ESCAP study showed that due to the global financial and economic crisis an additional 19 million people in 2008, and 42 million people in 2009, remained in poverty.
- As distinct from the previous crisis, it will be difficult for the regional countries to come up with response mechanisms in view of the current global situation, because of the following reasons:
  - Limited fiscal space
  - Most of the countries have implemented austerity measures
  - High levels of public debt compared to pre-crisis times
  - Most developed countries are experiencing inflationary pressure along with rising interest rates.
- Volatility in foreign exchange rates poses threat to stable economic policy making in South Asian countries.
- The impact of a double dip recession will be felt differently by the different South Asian countries because of the heterogeneity in their respective vulnerabilities.
- Human cost of crisis will be perceived; the poor will be hit the hardest by the crisis due to:
  - fewer buffers
  - restricted access to private and public health facilities
  - increased food prices
  - high possibility of falling into vicious cycles of poverty
  - fall in real wages. (It is hard for real wage levels, once they fall, to recover and move up; particularly poor people usually find it difficult to recover lost wages).
- Economic downturns tend to have faster adverse social impacts, but positive impacts at the time of economic upturns tend to be slower.

## **b. New Risks and Challenges**

- Current challenges facing the region include, but are not limited to, the issue of food security, price hike (especially that of food items) and adverse climate impact.
- South Asia is especially vulnerable to climate change because of its unique geographic location and high concentration of poor people.
- Upward trend in food prices and its volatility are transmitted to the domestic markets leading to adverse impact on food consumption, and social and political stability. This has, indeed, resulted in food insecurity. Hence, failure to ensure national level food security in each of the member countries of the SAARC is a major challenge which requires not only individual, but also collective efforts, given the heterogeneity among members in terms of food production and availability situation.
- High and volatile food prices have slowed the rate of poverty reduction in the region. Women and children are the worst victims in this case.
- Depressed regions are becoming increasingly visible in the region. This is closely associated with conflicts and landlockedness situation of countries in the region.
- Political power asymmetry, growing heterogeneity, conflict and security (food, climate, etc.), and trust gap are emerging as key concerns in the context of regional integration and cooperation

## **c. Role of Regional Cooperation as a Solution and Response**

- Regional cooperation holds immense possibilities towards enhancing trade which is at a very low level at present.
- There is a need to move beyond bilateral charters and communiqués to trilateral and multilateral understandings with regard to critically important issues of cross-border nature within South Asia.
- Issues of disaster management and climate change should be treated as a regional issue, rather than national ones. It is beyond the capability of an individual country to tackle such problems, particularly in the context of South Asia. Thus, there is a need for multi-country initiatives.

## **d. Role of Regional Cooperation towards an Inclusive Growth in South Asia**

- South Asia has 47 per cent of the global poor, but only 14.9 per cent of the global GDP (in PPP terms). With inclusive growth, there is an emerging optimism in the region that elimination of poverty is possible within our life time. Services led growth cannot help achieve this goal if the sector is not tradable.
- Economic growth in the region has created political space as governments acquired the capacity to afford targeted measures.
- Spending on social protection in the region is one of the lowest in the world. Expenditure on health in South Asia was the lowest, even lower than the Sub-Saharan

Africa. Access to various services, such as health, education and finance is of critical importance for sustainable poverty reduction in South Asian region.

- Implementation of social protection programmes under the SAARC for poverty reduction has thus far been less than satisfactory. Marginalised population needs to be involved in implementation and monitoring of programmes related to social protection. More emphasis should be given to rural areas where majority of the SAARC population still live.
- Stimulating non-farm rural economy should be emphasised.
- Infrastructure financing is difficult in the region due to the regulated nature of the market. Measures should be taken to address this.
- Establishing political justice is a must to ensure inclusive growth.
- Inherent structure of South Asian societies does not support inclusive growth. Consequently, policies pursued by the regional countries should take cognisance of different aspects such as ethnicity, religion and gender. Economic growth needs to be restructured towards reducing poverty and inequality at a faster pace.

## **2. PRIORITY AREAS OF COOPERATION**

### **a. Food Security**

- South Asia has made good progress in increasing food supply to match the increase in demand from growing population and income growth-induced food demand. India and Pakistan are now self-sufficient in rice. Indeed, they have become major rice exporters. All other SAARC countries continue to depend on imports to meet their domestic demand for both rice and wheat.
- Modern agricultural technologies contributed to about 80 per cent of increased food production in the region, while 20 per cent of additional food production was the outcome of more intensive crop production and cultivation of additional fallow lands.
- Pace of growth in foodgrains production in South Asia has slowed down in recent years (except in Bangladesh) due to slowing down of technological progress for the irrigated ecosystem, slow expansion of irrigation infrastructure, and more erratic monsoon rains due to climate change.
- Dependence on imports for food availability has become more risky due to tightness in the international market for food, monopolistic behaviour of major food exporting countries, and diversion of agricultural products to the expanding bio-fuel industry.
- Change in climatic variables has adversely affected food production in South Asia.
- Upward trends in the prices of fertiliser, diesel and wage rates are likely to lead to increased cost of food production. Profitability will be a big factor affecting growth. Input subsidy and price support schemes have put a heavy burden on the government budget. On the other hand, rationalisation of subsidy may further increase the cost of food production in the region.
- Demand for food has been increasing due to population growth and rise in income.

- Ensuring adequate nutrition and dietary improvement for the poor is important for poverty reduction.
- Social safety net programmes contributed positively towards food consumption of the poor and vulnerable groups. However, there is a scope for improvement in the operation of these programmes through better targeting and distribution, and regular monitoring.
- Small and marginal farmers are deprived of institutional credit and have no access to knowledge for technological advancement.
- Cooperation in the areas of agricultural research and technological development under the ambit of SAARC is rather limited.
- Areas of cooperation under SAARC will need to include: (a) exchange of germplasm and breeding materials of livestock and fishery; (b) exchange of prototypes of farm tools and equipments; (c) multi-location trial for various crops; (d) improvement of livestock through exchange of animals, frozen semen and vaccine; and (e) enhancement of rice productivity and wheat-breeding programmes.

## **b. Climate Change**

- Given the cross-sectoral and cross-border nature of impacts of climate change, it is important to promote regional cooperation to address the emerging common threats.
- South Asia is one of the least cooperating regions, from the perspective of addressing climate change. Though there have been some recent regional initiatives in this area, most of these are in collaborative research, whereas actions on the ground has been rather limited.
- Individual countries of the region are taking initiatives in view of combating climate change by developing national action plans and raising climate funds.
- Undertaking effective adaptation measures poses many policy challenges. Responses need to be developed in the face of uncertainties with regard to the timing, location and severity of climate impacts.
- Till now, climate policies look into the issue only from the perspective of disaster management; however, the spectrum of the issue is much wider involving food security, infrastructure, trade, health, and many cross-sectoral issues.
- Looking into the future, the scale of these impacts will be contingent upon global mitigation efforts to be undertaken over the next few decades. Delayed or limited emission stabilisation will necessitate considerably greater investment in risk management and climate change adaptation.
- Vulnerable countries need resources to adapt to climate change. Indeed, some resources are being made available from various multilateral sources. However, governance issues in connection with administration of climate-related funds are also extremely important and key to success of these initiatives.



### **c. Connectivity**

- Connectivity with energy-rich regions of Asia (West and East Asia) could play an important role in making the Twenty First Century a truly Asian Century.
- Existing physical linkage and connectivity among South Asian countries are very poor.
- Although a number of projects have been identified for implementation under the aegis of the SAARC Regional Multimodal Transport System (SRMTS), progress has tended to remain rather insignificant till now.
- Funding is a major issue in implementing hardware and software connectivity facilities to the extent required.
- Condition of roads in Bangladesh lacks capacity to carry heavy traffic, particularly the transit traffic which is expected to come from India, Nepal and/or Bhutan. Hence, road routes should not be the preferred option where rail or maritime routes are available.
- Whilst SAARC Secretariat is actively pursuing issues of regional connectivity, success till now has been limited.
- State of air connectivity among the countries of South Asia is characterised by restrictive aviation policies resulting in limited number of economically viable routes.
- Political commitment is imperative for implementation of transport connectivity among the South Asian countries. Present level of connectivity reflects restrictive policy regime. Prevailing mindset in South Asia has often acted as an impediment to expanded connectivity.
- Bangladesh should enjoy part of the benefit that will be acquired by India due to transit facilities through Bangladesh territory.
- Road transport dominates regional transport system, but the strategy may need to be revisited in view of economic justification.
- Differences in rail connection, i.e. broad gauge and meter gauge remain a major stumbling block in realising physical connectivity among SAARC member countries.
- Along with interaction between governments, closer people-to-people and business-to-business communications need to be emphasised.

### **d. Energy Security**

- Energy pricing and access are major problems along with supply-side issue.
- Mismatch between endowments of and demand for energy resources at country level within the region creates an opportunity for inter-regional energy trade.
- Timing of regional cooperation is important. Now is the appropriate time.
- Apart from political and security perspectives, national policies and political mindsets, absence of adequate infrastructure, poor operational efficiency, lack of credit worthiness of utilities and ownership structures of utilities and regulatory capacity also play a negative role that discourage regional cooperation in energy.

- Energy sector challenges include rapid growth in energy demand, lack of adequate access to energy, and vulnerability to external price shocks, lack of investment in infrastructure, weak policy and regulatory environment.
- Some favourable factors conducive to regional trade in energy have also emerged. These are, change in the political mindsets that give precedence to developmental needs, increasingly strong role of the private sector, inception of independent regulatory bodies, sectoral reforms, and growing interest in regional level discussions.
- The potential for Hydro Power has to be explored further in order to reduce the demand-supply gap.

#### **e. Water Resource Management**

- Basin wide planning strategy is the right theoretical approach towards water management in the region.
- Basin wide approach, if designed scientifically, can help reduce flood, increase irrigation in the region, and reduce salinity.
- Population growth along with social and demographic changes and climate change in the region will affect water management and water sharing.
- Climate change will further complicate the issue of water sharing and management as changes in climatic parameters may cause flood and increase soil salinity.
- Key problems in water sharing and management were identified as follows:
  - An emphasis on perceived political expediency and gain rather than an economic benefit;
  - Lack of trust and confidence among countries;
  - Decisions taken by political leaders are not communicated properly to the officials responsible for implementing those.
- Time-bound regional initiatives are needed towards development and management of water resources within the region.

#### **f. Acceleration of Trade**

- Enhanced intra-regional trade can significantly improve peace and stability in the region.
- South Asian economies are relatively open in terms of trade and investment flows.
- Despite an increase in recent times, inter-regional trade has remained low and far from realising its potential levels.
- Potential gains from the South Asian Free Trade Area (SAFTA) have tended to remain largely untapped.
- Even though South Asian countries are exporting similar commodities, at disaggregated level, products are actually different in nature. For example, Bangladesh exports low-end readymade garments (RMG), while Sri Lanka exports higher-end RMG products. Within the region this creates an opportunity for trade.

- Market forces are a better mechanism to enhance trade. There is a need to promote and strengthen these forces.
- Whilst most focus has been put on reduction of tariff rates, SAARC officials have not given due importance to non-tariff barriers (NTBs) in intra-regional trade which are major constraining factors; time-bound targets should be set by SAARC Ministers for their elimination.
- Visa for businessmen from the region should be made easy.
- Trust gap among the business communities of different countries often hinders trade, and needs to be addressed through more regular interaction.

#### **g. Acceleration of Investment**

- Low levels of flow of intra-regional investment in South Asian region is one the results of low level of intra-regional trade among the countries.
- Other than infrastructural bottlenecks, South Asia also suffers from cultural, political, ethnical and communal bottlenecks.
- SAARC Secretariat is yet to sign the investment protocol even though this has been on the agenda for quite a protracted period.
- Energy, tourism, infrastructure, information and communication technology (ICT), textiles and garments, and financial services are potential sectors for investment.
- Along with interaction between governments, closer people-to-people and business-to-business communication needs to be emphasised. Visa-free movement of people could contribute significantly towards regional cooperation, and a move towards such a regime should be encouraged.

### **3. ROLE OF NON-STATE ACTORS**

#### **Major Observations**

- Non-state actors are important partners for the decision-makers. They have the comparative advantage of being aware of society's needs, being closer to the grassroots. Since non-state actors promote and use volunteerism, they can be more cost-effective than the governments in certain areas related to promoting regional cooperation.
- A significant shift has taken place in government-civil society interaction towards the better. Governments of the region are now more responsive than ever to demands coming from citizens.
- In many countries, including some in South Asia, several new 'NGO laws' restrict press freedom and access to the internet, and impose barriers to free expression and assembly which violate long-standing, widely-accepted principles of citizens' rights rooted in international law.
- Non-state actors' main role is to scrutinise the government and hold it accountable for its actions.

- The opposition often reneges its responsibility once an independent watchdog such as the National Human Rights Institution (NHRI) is created. It fails to comply with its obligation to regularly monitor the activities of the NHRI, and hold it responsible in creating a culture of democracy and human rights in the country.
- There are good examples with regard to the role that NHRI should play. Various programmes run by the NHRI in the Maldives, with the intention of creating awareness among the people about human rights, are success stories. The NHRI in the Maldives works closely with the Ministry of Justice.
- The strategy of the Centre for World Solidarity (CWS) in India includes open meetings, training, capacity developments on focused areas, multilingual publications, posters, etc. The CWS has witnessed success in empowering elderly women in particular, and gender empowerment in general.
- Often state entrusts non-state actors to provide services, but in the SAARC region they do not usually participate in the decision-making process.
- When it comes to making the government accountable or ensuring pluralism/participation, non-state actors are confronted with the question of legitimacy from the state.

## **Recommendations**

- The SAARC Secretariat should play a proactive role in promoting mutually beneficial relationship between the NHRIs and the civil society. In this process, as part of their role in investigating and seeking to resolve complaints in the areas of human rights violations, NHRIs could form partnerships with NGOs. They could also assist in establishing links between NGOs and state institutions while maintaining their own independence.
- The SAARC Secretariat should work in close cooperation with the Ministries of Justice and law enforcement agencies. This will enable the respective national Human Rights Commissions to successfully discharge their mandates.
- The SAARC Secretariat should provide platforms for economic think-tanks whereby they could provide and share research data, and most importantly, build coalitions with trade chambers.
- The SAARC Secretariat may work out an agenda of common interests to allow building support base with other non-state actors in the development sector.
- The SAARC Secretariat should work closely with non-state actors to help them shed their suspicion and competitive stance, and become more cooperative for promoting the regional integration agenda.
- The SAARC Secretariat could assume the role of a guardian in helping to remove the prevailing mutual suspicion and competition between the non-state actors and nation states.

- The SAARC Secretariat should encourage institutionalisation of national and regional policy processes to promote regular interactions from representatives of non-state actors around the region.
- The SAARC Secretariat's support is needed to activate sectoral SAARC cells in various ministries in the member countries.
- The SAARC Secretariat should establish mechanisms to facilitate and where needed strengthen interaction among ministries and officials, and professional organisations (SAARC-law, AMDISA).

#### **4. RECOMMENDATIONS FOR THE SEVENTEENTH SAARC SUMMIT**

##### **Food Security**

- For effective implementation of SAARC Food Bank, trigger mechanisms should be made more clear, price fixation policies should be revised, and operational procedures should be simplified.
- Establish Regional Adaptation Trials and Variety/Breed Release Systems in South Asia under the ambit of SAARC.
- Establish SAARC Gene Bank to preserve valuable germplasm resources with a view to foster agricultural technology development in the region.
- Establish common vaccination system against livestock diseases.
- Set common standards for sanitary and phytosanitary (SPS) and facilitate the quarantine procedure to ensure food safety and bio-safety.
- Develop joint projects for technology exchange with specific targets for exchange of germplasm, varieties and breeds, crop husbandry practices, animal husbandry practices, fisheries management techniques, water and natural resource management techniques, and post-harvest and processing technologies.

##### **Climate Change**

- Develop a joint project under the SAARC for adaptation to climate change in agriculture. The project should have three specific focus:
  - Develop technologies suitable for drought-prone, submerged and saline areas
  - Promote climate resilient crops, e.g. ground nut, chick peas and other pulses in drought-prone regions instead of highly subsidised irrigation
  - Undertake long-term weather forecasting
  - Disseminate climate impact-related information widely through partnership with the regional media.
- SAARC countries should develop projects under Clean Development Mechanism (CDM).

- SAARC members should ask for new and additional funds needed for various multilateral initiatives. Countries should also scrutinise the governance and administration of global funds for climate change.
- SAARC Secretariat should put emphasis on technology transfer in the SAARC countries. Research should be encouraged in the region for cheaper and accessible technology.
- SAARC should expedite the implementation of the *Thimpu Statement on Climate Change*. To translate the 16-points into actions, it will be necessary to promote country ownership, knowledge, and institutional and financial capacity. SAARC Secretariat can take a lead in this regard.
- SAARC leaders should engage the private sectors, NGOs, civil society organisations and other related stakeholders in the climate change initiatives.
- SAARC members need to share knowledge, good practices and achievements within the region. SAARC Secretariat can take the lead in this regard by promoting region-wise sharing events.
- There is a need to promote regional cooperation in the areas of science and technology development. SAARC members should encourage freer movement of scientists to facilitate information and expertise exchange.

### **Connectivity**

- SAARC should encourage more analyses and dialogues to examine the status and possibilities of greater transport connectivity among South Asian countries.
- SAARC members need to move beyond bilateral charters and communiqués to trilateral and multilateral understandings within South Asia to promote greater multi-modal connectivity. SAARC needs to take lessons from other regional agreements. Regional transit agreements such as in the Association of Southeast Asian Nations (ASEAN) and the Greater Mekong Subregion (GMS) should be closely examined with a view to promoting connectivity in South Asia.
- There should be a dedicated fund for restoration of various rail, road and maritime routes in the region. The SAARC Secretariat could play a vital role in motivating the member countries towards this objective.
- Given the current state of affairs with regard to air connectivity in the region, and limited number of economically viable routes among South Asian countries, designing of a more liberal South Asian air services connectivity framework will need special attention. This will play an important role not only in promoting business and tourism, but also fostering people-to-people connectivity in the SAARC region.
- Visa-free movement of people can contribute towards more meaningful regional cooperation. SAARC should aim to gradually move towards a visa-free regime. To start with –
  - Diplomats may be allowed to move without any visa requirement within the region

- In the second stage, short-term business travels may be allowed without visa requirement.

## Energy

- SAARC Secretariat should take measures to move the energy agenda forward by taking concrete steps to realise its various initiatives in this area. These include SAARC initiative on the Energy Ring Concept (2005), SAARC Regional Energy Trade Study (SRETS), SAME Taskforce (2008), Template on technical and commercial aspects of electricity grid inter-connections (2009), discussion on efficiency, conservation and development of labeling (2010).
- SAARC should ensure the implementation of the identified short-term projects.
- Develop a SAARC Regional Energy Trade and Cooperation Agreement.
- SAARC should establish a comprehensive and reliable energy database which will give access to regional stakeholders.
- SAARC should develop a regional trade treaty similar to the Energy Charter Treaty.

## Water

- A bottom-up approach was needed which promoted greater interaction between border provinces with similar agricultural practices.
- SAARC should encourage cooperation among research institutions in the region, more particularly among agricultural institutions.
- SAARC should take initiatives to disseminate the result of the *Ganges Strategic Basin Assessment* which has come up with solid data and evidence with regard to regional water resources.
- A 'Rivers Authority' should be set up to carry out joint research and monitoring of water-related issues.
- Basin-wide approach should be pursued with regard to managing and utilisation of water resources in the Ganges/Brahmaputra/Barak rivers basin.
- SAARC needs to set up an institution to monitor and provide objective analysis regarding water availability and use. It is expected that the institute will maintain user friendly database and make those data accessible to all.
- SAARC should organise regular media briefing on the status and progress of various measures taken by the SAARC in the area of promoting water cooperation.

## Trade

- An early phase out of the SAFTA negative lists by the developing countries of the region should be encouraged by the SAARC.

- SAARC countries should give priority to resolving NTBs. Each SAARC Summit should set a target to address particular NTBs which the member country officials will have to report on in the subsequent Summit.
- Operationalise South Asia Regional Standards Organization (SARSO) in a speedy manner and ensure that it receives the needed technical and human resource support.
- Mutual Recognition Agreements should be seen as an instrument to reduce NTBs in the SAARC. Lessons from other Regional Trade Arrangements (RTAs) such as ASEAN may be considered in this regard.
- Harmonisation of standards needs to be ensured. Measures by importing countries should include point of entry and audit of export inspection system, as well as authentic certificates.
- Agreement on equivalence of SPS measures does not require duplication or sameness of measures, but the acceptance of alternative measures that meet an importing partner's appropriate level of sanitary or phytosanitary protection.
- SAARC should see to it that member countries commit not to resort to export bans in their trade with other members.
- India particularly may like to take up initiatives to establish laboratories across borders, through foreign direct investment (FDI), to address the mutual recognition problems.
- Committee to Experts (CoE) should include representatives from private sectors.
- A regional investment fund should be created for infrastructure development particularly to facilitate cross-border movement of goods and intra-regional investment.
- Border *haats* may be operationalised under SAARC and its scale of operation should be enhanced.
- SAARC should promote establishment of SAARC Investment Zones in each member countries.
- Some of the SAARC countries such as India have the capacity to provide substantial amount of farm subsidies. Least developed countries (LDCs) need special assistance in view of this (e.g. setting up a LDC Integration Fund) to create a level playing field.
- Sub-regional cooperation in trade-related areas should be allowed under SAARC as in the European Union (EU).

## **Migration**

- Migration needs to be incorporated in the agenda of the Seventeenth SAARC Summit. It deserves the highest priority within the SAARC official process.
- SAARC Secretariat should advocate initiation of working visa among the countries of the region.
- Best practices of each South Asian country need to be discussed at the SAARC Summit so that these are replicated by the other countries of the region.



- SAARC countries should take regional initiative to reduce cost of migration from the region to the global market.
- Wage in the Middle Eastern countries and Malaysia has not increased significantly during the past years. SAARC has to come up with a way to discuss and highlight this issue with the countries of these regions. A strategy to develop a minimum wage standard for the region could be developed at the Seventeenth SAARC Summit.
- Under the aegis of SAARC, South Asian countries need to carry out extensive negotiations with the labour receiving countries with regard to addressing the legal and regulatory concerns of the regional countries.
- SAARC should advocate signing of an international convention by the receiving countries.
- SAARC Secretariat needs to encourage all countries of the region to focus on developing appropriate mechanisms to ensure remittance flow through formal channels.

### **Investment**

- SAARC should work against bilateral restrictions on investment by individual countries.
- SAARC should encourage policymakers in individual SAARC countries to promote joint-venture investment in other countries of the region; forming of companies working in multiple countries of the region should be promoted.
- The Rules of Origin provisions under the SAFTA ought to be simplified.
- To promote intra-regional investment in the SAARC region following initiatives should be considered:
  - Establishment of a SAARC Investment Park
  - Establishment of SAARC Security and Exchange Commission
  - Deepening of cooperation among banks operating in the region
  - Creation of a fund for regional investment
  - Promotion of trade in local currency
  - Scope for Capital Account convertibility for intra-regional investment.
- SAARC Secretariat needs to be equipped with appropriate capacity to monitor data on flow of intra-regional trade and investment on a regular and continuing basis.
- It was noted that an effective competition regime is part of the enabling and predictable legal environment to promote investment and regulate market to curb anti-competitive behaviour.
- SAARC Secretariat should encourage member states to enact and implement Competition Policy, Competition Laws and Economic Regulatory Laws as a strategy to foster intra-regional investment flows. Furthermore, trade integration within the region will also need cooperation among the competition and regulatory authorities to work together to learn from each other and to check cross-border market abuses.
- Majority of the South Asian population lives in the rural areas. Development of agricultural sector should be seen as a key policy variable to address the issue

improving the standard of living of the vast majority of South Asia population. SAARC should promote investment in the agriculture sector by helping countries mobilise the needed funds.

- SAARC Development Fund (SDF) needs to be operationalised. Funding of the SDF has remained problematic. More funds need to be mobilised from multilateral donor agencies. There is also a need to focus on individual programmes under the SDF.

## **5. REFORMING SAARC**

- SAARC Secretariat needs to further strengthen its role as an institution to foster and promote the interests of the common people in the region.
- SAARC should pursue more vigorously the implementation of various initiatives pertaining to already agreed agendas (e.g. SAARC Food Bank).
- SAARC needs to more expeditiously address the conflicts and disputes on various issues among members (including in such areas as trade, energy).
- SAARC should be more active in helping countries to deal with the adverse impacts of the global crisis.
- SAARC should encourage greater role and participation of civil society in the SAARC process. Consultations with civil society need to be held regularly and particularly before SAARC Summits.
- SAARC should proactively pursue India to uphold regional interests in global forums such as the G-20.
- SAARC should emerge as a 'regional group' in global negotiations such as the World Trade Organization (WTO) and Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC).
- SAARC should position itself strongly in inter-regional forums (SAARC-ASEAN).
- Sub-regional negotiations may be allowed in SAARC as in the EU.
- Level of engagement of youth is low in South Asia. SAARC Charter needs to put emphasis on youth and youth empowerment. SAARC should encourage initiatives in the region whereby youth are more actively involved in the regional policy making process.
- Identification and quantification of the cost of non-cooperation is important. A comprehensive study needs to be carried out.

## **6. SETTING THE RIGHT POLITICS**

- South Asia has witnessed an exponential growth of civil society organisations, social networks and social movements over the past two decades. However, unlike SAARC, civil society in South Asia is not a unified entity and remains an amalgam of stakeholders whose contribution to South Asian community varies accordingly. There is a need for closer and more proactive engagement among civil society groups in the SAARC region.
- SAARC is facing pressure from the private sector to remove barriers to allow market integration. The imbalance of private sector's participation over formal trade negotiations will need to be corrected through pressure from the grassroots.

- Though the SAARC vision is a challenging task, the geo-political and economic situation in the contemporary world suggests that without the supporting backbones of democracy in operate to its fullest potential – be it national, regional or international – the true wealth and benefits will not reach the nation states.
- The ethnic similarity, closeness in culture, common origin of languages and historical lineage which once formed the South Asian identity, are now becoming more fragmented in the face of postmodernism. SAARC should strive to strengthen forces that underpin the commonness of countries and people in the region.
- The SAARC Secretariat should be proactive in promoting Track-II initiatives with a view to providing civil society organisations with a common regional platform to allow exchange of information in order to accelerate the prospects of realising the South Asian dream.
- Nation states of South Asia need to underscore the democratic ethos in regional cooperation in order that their citizens benefit through trade and institutional cooperation.
- The principle of ‘mutual recognition’ (as is the case in the EU), i.e. individual country needs are different from its neighbours, should be the guiding principle of discussion in SAARC.
- The SAARC Secretariat should raise awareness about and empower the South Asia Forum (SAF), mooted at the Sixteenth SAARC Summit in Thimphu in April 2010. The SAF should be representative and meaningful in order to promote the widest possible civil society participation in the SAARC.
- SAARC Secretariat should take the lead to explore the possibility of introducing South Asian passports for promoting a true *South Asian regional identity*.
- Economic structure and risks faced by the South Asian countries are very similar and hence they face similar types of challenges. SAARC Secretariat should promote learning about best practices in the region.
- Given the present political scenario in the South Asian region, all sessions of the SAES IV, including transport and connectivity, energy, trade, water resources, food security, climate change and investment put emphasis on the importance of regional integration and the need for greater political will to overcome the existing bottlenecks. SAARC Secretariat should provide leadership to overcome the prevailing challenges in this regard. SAARC Secretariat should support realisation of this genuine demand.
- All over the world, manifested by the Arab spring, and in South Asia, civil society is increasingly demanding the improvement in quality of politics and governance.
- Parliamentarians need to be more actively engaged and involved in regional issues and affairs.
- Without inclusive policies in the individual member countries, there will be no inclusive South Asia.
- Political will of SAARC leaders and a sense of South Asian belongingness were crucial to achieving inclusive growth in South Asia.