The SAARC Dream: Modi’s Vision
Indian Prime Minister Narendra Modi’s first foreign trip was to Thimphu, Bhutan. It is among India’s closest neighbours and among the eight countries of the South Asian Association for Regional Cooperation (SAARC) and probably the only country in the world that measures welfare through a happiness index. Significantly, the visit has come just a year ahead of SAARC celebrating the 30th anniversary of its creation. But this is not why the visit is significant. Together with the presence of the SAARC heads of state when he took oath of office, Modi and his one-month-old government is sending out a simple message: Foreign policy begins at the borders of India. This is significant as it portends a recalibration of foreign policy goals and objectives that India has pursued in the past. In the last 10 years, relations between India and its neighbours have gyrated between affection and disaffection.

Bonding with its immediate neighbours provides an opportunity for not just better relations with them, but also opens up space to deal with the neighbours of these SAARC countries and hence aspire for a regional contiguity that has so far has largely been a paper exercise. The big question then is that whether Modi’s initiative will end up as yet another pipe dream—cynics are already warning us—or will it mark the beginning of a new era. I will stick my neck out here and say this occasion probably provides the best opportunity ever for such a vision to succeed, especially if it sticks to the doable—deepening economic ties. Of course, it would be foolish to assume that there will be a sudden turnaround, reversing decades of neglect that have fostered this trust deficit in the region, just because Modi and his magic wand have arrived.

There are too many moving parts in this complex relationship within SAARC to expect anything grand at this stage. But yes, if it succeeds in busting the stereotypes and clichés defining the bluster in the region, it should be considered a breakthrough in status quo. At the least, it will be a body blow to the ecosystem of vested interests that has spawned around the hostilities in the neighbourhood. For one, the power of 282 Bharatiya Janata Party members in the Lok Sabha empowers Modi in an incredible way. It is the first time in 30 years that a single party has managed a majority on its own in the lower House of Parliament. It obviously inspires certitude—hopefully not the misplaced variety of George Bush. It was visible when Modi was able to brush aside the dissent expressed by the Tamil Nadu government at the invitation for the inaugural being extended to the Sri Lankan President.

Just months earlier his predecessor Manmohan Singh had to back away under similar pressures. Second, the size of the Indian economy has fundamentally transformed from the time that the SAARC charter was inked three decades back. Today, it is a near $2 trillion economy. The country closest to it is Pakistan with an economy valued at around $300 billion. Yes, it provides the hawks a lot of opportunity to breast-beat about India’s economic superiority.

More significantly, it shows that closer trade and economic linkages with India provide an opportunity to its neighbours to break out of their own low growth cycle. The opportunity is apparent in the unofficial trade that takes place in the region. Money is fungible and does not acknowledge political sensitivities. For example, official trade between India and Pakistan aggregates a few billion dollars. Sotto voce, officials on either side of the border let you know that apart from the smuggling routes between the two countries, there is an indirect trade route through the UAE. Data reveal that the UAE is India’s second-largest trading partner and the annual turnover in trade between the two countries is about $60 billion. Even if it is only a proportion, the actual trade between the two countries is already substantial. Also, if the mind is willing, so is the heart.

During the just-concluded election campaign in Punjab, almost every politician was promising enhanced trade relations with Pakistan if elected. It tells you that people are looking for better opportunities, even if it means engaging an otherwise hostile neighbour. Finally, the days of India baiting as a political ruse is all but over. There was a time when railing at India was a necessary and sufficient condition for political survival. This trick may have run its course. It will still draw traction among the predictable quarters, but it is no longer be sufficient. In the recent elections in Pakistan, India baiting was hardly employed by anyone. And the willingness with which Prime Minister Nawaz Sharif accepted Modi’s invitation and then refused to be drawn into the traditional stereotype responses says enough. It is nobody’s case that decades-old hostilities will cease overnight.

Instead, it is that there is an opportunity to script a new beginning. In this, economic relations seem to be the most politically acceptable script to pursue. Whether the SAARC dream will be a myth or reality will now more than ever depend on the political leadership in the region. Like the cliche goes, anything well begun is half done.
Planning and Strategy Workshop
Plan worked out to invigorate SAARC CCI

SAARC Chamber of Commerce & Industry organized Strategic & Planning Meeting under the chair of Mr. Ismail Asif, in Le Meridien Hotel, New Delhi on June 14, 2014. The meeting aimed at reviewing the performance of SAARC CCI during recent past and evolved an action plan based on futuristic needs of the organization.

In addition to Senior Vice President Mr. Suraj Vaidya (Nepal), Immediate Past President Mr. Vikramjit Singh Sahney and Vice Presidents Mrs. Monowara Hakim Ali, (Bangladesh), Mr. Karma Lotey (Bhutan), Mr. Ramesh Mutha (India), Mr. Iftikhar Ali Malik (Pakistan) attended the meeting convened by Secretary General Iqbal Tabish.

The Office Bearers of the apex organization of SAARC during a daylong brainstorming session also evaluated the performance of the organization and expressed satisfaction over the performance of secretariat. The leadership of SAARC CCI urged to invigorate the role of the organization to address the new challenges and enhance the role of the Private Sector to spur up economic cooperation in South Asia. They however, asserted for capacity building of the SAARC CCI Secretariat to further intensify its role in regional mechanism.

Mr. Arpit Nepal, Director, R&D, Samriddhi-Nepal facilitated the workshop and was also attended by officials of MNCCI, Mohammad Faisal & Mohammad Rizvi, EC Members, SAARC CCI (Maldives) SAARC CCI, From FICCI, Mr. Gautam Ghosh, Head South Asian Division & Incharge SAARC Desk, and Mr. Zulfiqar Ali Butt, Deputy Secretary General of SAARC CCI.

President SAARC CCI Addresses 9th CSABF at Kunming
Bulk Investment from China to South Asia demanded

SAARC Chamber of Commerce & Industry in collaboration with China Council for Promotion of International Trade (CCPIT) Yunnan province organized 9th China South Asia Business Forum at Haigeng Conference Centre in Kunming of China, held on 7th June 2014, Kunming, Yunnan, People's Republic of China. The conference was inaugurated by Prime Minister Sheikh Hasina of Bangladesh and was also addressed by President, SAARC CCI, Mr. Ismail Asif, Vice-President of Maldives Mohamed Jamil Ahmed, Secretary General of SAARC H.E Arjun Bahadur Thapa, Chairman of China Council for Promotion of International Trade Jiang Sengwei, Secretary of Committee of People's Congress of Yunnan Province Qin Guangrong addressed the occasion, among others.

Commerce Ministers of different SAARC countries, including Bangladesh and leaders of trade bodies from China, Bangladesh, the Maldives, Sri Lanka, Pakistan and Nepal joined the Forum.

China-South Asia Business Forum is the first forum mechanism for regional economic cooperation between Chinese and SAARC industrial and commercial circles in the context of ever increasing mutual trust in politic affairs and continuous economic cooperation between China and South Asian countries. The forum represents the common will of the business circle

Mr. Ismail Asif, President SAARC CCI addresses the 9th CSABF Forum while H.E Sheikh Hasina, Prime Minister of Bangladesh is also seen in the picture.
SAARC CCI Activities

for strengthening cooperation and reaping mutual benefits in countries within the region, and is intended to provide an important platform for better communication and collaboration among the participants. The organizer had successfully hosted eight forums so far in Kunming.

Infrastructure Development is Key to Prosperity

President SAARC CCI addresses 5th Sichuan-South Asia Business Promotion Roundtable Conference

The 5th South Asia – Sichuan Business Promotion Round-Table Conference was held under the theme “New Opportunities in Infrastructure Construction and Development of South Asian Countries” Chengdu on June 10, 2014 at Chengdu city of Sichuan Province of the Peoples’ Republic of China. Endorsed by Sichuan Provincial Government, the conference was organised by CCPIT Sichuan Council in collaboration with SAARC Chamber of Commerce & Industry.

While addressing at the inaugural session of the Conference, President SAARC CCI highlighted the scope of cooperation between South Asia and China and sought Chinese investment in Infrastructure development in South Asia while terming it as key to economic prosperity. He apprised the audience that according to a study done by Asian Development Bank, South Asia was required to invest US $2.3 trillion by end of 2020 to construct world class infrastructure, which was beyond resources of south Asian countries particularly small economies like Afghanistan, Bhutan, Maldives and Nepal. He offered Chinese enterprises to consider investment through joint ventures in infrastructure, construction and development projects in South Asian countries particularly in Energy, ports, shipping, roads and railways network and to revive silk route as an efficient land routes connecting two civilisations, China and the South Asia.

Earlier, Mr. Gan Lin, Vice Governor of Sichuan Provincial Government inaugurated the Conference and ensured the fullest cooperation of the provincial Government to South Asian enterprises to work together with their Chinese counterpart organizations to improve infrastructure in South Asian countries while referring many ongoing projects being operated by Chinese companies in the region.

Mr. Tariq Sayeed, former president SAARC and FPCCI in his presentation appreciated the role of Chinese Government for initiating a lot of projects including hydro power projects, construction of Gawader Port and connecting Road and rail projects to connect China through Xinxiang Province.

The conference was moderated by Mr. Li Gang, President CCPIT, Sichuan, who welcomed and thanked the south Asian business leaders for their presence and highlighted the role of CCPIT Sichuan to strengthen the cooperation between Sichuan and South Asia. Mr. Zhang Wei, Vice Chairman of CCPIT and representatives of Chinese Development Bank who highlighted policies of the bank for projects financing also addressed the conference from Chinese side.

In addition to SAARC CCI leaders, the South Asian side was represented by Afghanistan Chamber of Commerce and Industry which was the rotating chairman. Khan Jan Alokozai, First Vice Chairman ACCI and Mr. Mohammad Qurban Haqjo, CEO during their presentations identified various projects in Afghanistan, offering lucrative investment opportunities in many development sectors. In addition to that, Mr. Mohammed Saqib, Secretary General of India China Economic and Culture Council, Mr. Mr. Rizvi Mohamed, MNCCI Trade Envoy to China, Mr. Mr. Shanker Pandey, Senior Consultant of NCEC, Sheikh Imtiaz Ahmed, Vice President of FPCCI, Mr. Nihal Aluvihare, President of SLCTIPC and Mr. Kosala Wickramanama, immediate former Vice president of SAARC CCI from Sri Lanka also made presentations in context of their respective countries.
Addressing Risk of Trade relate Payments: CUTTS, SAARCCCIandBCCIholddiscoursewithSAARCSecretariat

Federation of India Chambers of Commerce and Industry & CUTS International co-organized a meeting as a part of project on Financial Intermediaries and Trade Facilitation in South Asia, supported by The Asia Foundation in New Delhi on 24th of May 2014. On this occasion, Ms. L. Savithri, Director (Economic, Trade and Finance), SAARC Secretariat said that Central banks of South Asian countries will be consulted to develop a work programme to reduce delays and stop defaults on trade-related payments,” She regarded Lack of financial connectivity is one of the major components of cost of doing intra-regional trade in South Asia. Speaking on the occasion, Muhammad Iqbal Tabish, Secretary General, SAARC Chambers of Commerce and Industry highlighted the importance of collective efforts. He reiterated that “think-tanks, civil society organisations, business and trading community need to come together to generate the demand for a new, simplified financial mechanism to facilitate intra-regional trade.”

Allen Chaote, Acting Country Representative of The Asia Foundation underlined that “there is an urgent need to address specific non-tariff barriers in a systematic and harmonised manner as they are hindering SAARC countries to realise the potentiality of intra-regional trade.” Currently, annual volume of intra-regional trade is about US$ 20 billion, whereas potential trade value is estimated to be US$ 80 billion annually. “Several low-hanging fruits are there. One has to identify and make sustained efforts to achieve practical results,” he added.

Mr. Majyd Azij, Former President, Karachi Chamber of Commerce and Industry said that “For political manoeuvring by the private sector, confidence in the system has to prevail. Business houses should complement the efforts of central banks with their own,”

Mr. Goutam Ghosh, Director & Head, South Asia & Arab Regions, Federation of Indian Chambers of Commerce and Industry argued: “In order to find long-term solutions to banking related problems faced by traders, it is not only necessary to facilitate cross-border presence of native banks of South Asian countries in each other’s territory, but also it is an imperative to introduce harmonised system of regulatory reforms for the betterment of quality of trade-related financial institutions and services.”

Mr. Bipul Chatterjee, Deputy Executive Director, CUTS International was of the opinion that “Harmonisation of norms of trade-related financial transactions is very vital and is a first step in facilitating banking reforms in support of furthering trade transactions, While opening of native bank branches in all South Asian countries and creating a harmonised system of trade-related financial transactions should be part of short- and medium-terms goals of regional trade facilitation, over time, SAARC countries should do intra-regional trade in local currency as that would significantly reduce financial transaction costs of doing trade,” he added.

For many years intra-regional trade in South Asia has suffered because of lack of reliable means of financial payments made against trade transactions. There have been frequent complaints of delays in transfer of payments made by traders or even rejection of financial instruments furnished for such payments. Many traders have reported difficulties faced in inter-country transfer of funds, which have inflicted significant financial losses, leading to discouragement from entering into further cross-border commercial engagements within South Asia. This creates negative perceptions of doing intra-regional trade. Trade potentiality cannot be achieved unless such perceptions are addressed.

CUTS has advocated that the Ministerial Council of the Agreement on South Asia Free Trade Area should constitute a commission to function under the supervision of the SAFTA Committee of Experts, which has the mandate to assess and implement regulatory reforms required for facilitating access to reliable payment modes, instruments and service providers. A memorandum was presented to the representative of the SAARC Secretariat.

The participants also expressed their demand that the SAARC Chambers of Commerce and Industry be duly notified and entrusted with the responsibility of assisting reform initiatives in consultation with apex industry chambers of all SAARC Countries.

In addition, the idea of a regional mediation centre was mooted which would expedite the processing of line of credits and related financial instruments used in trade and act as a redressal body dealing with complaints related to trade-related payments.

While the South Asian trading community demands that the initiatives taken in this area are expedited, in the interim, a list of banks from each country should be identified and authorised by respective national financial regulatory authorities as nodal financial service providers with regard to intra-regional trade. Such nodal banks should be entrusted with the responsibility of fast-tracking reliable and transparent payment modes.
Photograph taken on the occasion of dinner hosted by Dr. Jyotsna Suri, Snr Vice President, FICCI, in honor of SAARC CCI delegates on 14 June, 2014. In addition to the host, the others seen in the picture (Left Side) Mr. Mohammad Faisal, EC Member, (Maldives) Mr. Hakim Ali & Mrs. Monowara Hakim Ali, Vice President (Bangladesh), SAARC CCI, Shri Arvind Mehta, Joint Secretary, Department of Commerce, Govt of India, Dr. A. Deedar Singh, SG, FICCI and on (Right Side) Mohammad Rizvi, EC Member, SAARC CCI (Maldives), Ms. Ambika Sharma, DSG-FICCI, Mr. Iftikhar Ali Malik, VP, SAARC CCI (Pakistan), Shri Vikramjit Singh Sahney, Immediate Past President and Mr. Ismail Asif, President of SAARC CCI.
Afghanistan and Pakistan mull expansion of trade up to $5 billion:
A delegation of the Pak-Afghan Joint Chambers of Commerce and Industries (PAJCCI) and senior government officials met in Kabul on Sunday to discuss ways on enhancing bilateral trade between the two nations. The Deputy Minister of Trade and Commerce Muzamil Shinwari and Pakistani’s ambassador to Afghanistan Syed Abrar Hussain also attended the meeting which focused on expanding the bilateral trade and problems facing the traders’ community of the two nations. Afghan and Pakistani officials underscored the need for taking practical measures to enhance the bilateral trade between the two nations from $2.4 billion to $5 billion in the years ahead.

Ashgabat host talks on Turkmenistan-Afghanistan-Tajikistan railway project:
The Turkmenistan and Tajikistan foreign ministry officials on Thursday met to discuss the Turkmenistan-Afghanistan-Tajikistan railway construction project. The meeting of the Joint Coordination Group was held at the foreign ministry of Turkmenistan to review the project. Turkmenistan’s foreign ministry in a statement carried by Trend News said, “During the talks, the delegations of the two countries discussed the prospects of bilateral cooperation in the field of transport in the context of implementing the memorandum of understanding on the Turkmenistan-Afghanistan-Tajikistan railway construction project among Turkmenistan, the Islamic Republic of Afghanistan and the Republic of Tajikistan.

Mining for minerals worth $3 trillion in Afghanistan:
Afghanistan is estimated to have $3 trillion worth of mineral deposits, which through years of insecurity have remained unexploited. Gold, iron ore, copper ore, emeralds, lapis, rubies as well as natural gas are all found in the north of the country. Now with help from advisors from the US Task Force for Business and Stability Operations (TFBSO), the Afghanistan Geological Survey is gaining the skills it needs to explore and exploit the country’s resources. Geologists and drillers are being trained to investigate sites to test for the presence of resources. Gold, rubies and emeralds are all to be found in Afghanistan’s hills. The potential for huge mineral wealth, however, presents the Afghan government with new challenges. Commercial drill rigs are a rare sight in Afghanistan. Problems affecting the country’s infrastructure and instability have left mining projects in their infancy, but Afghanistan is a geological treasure trove.

Bangladesh forms BDT 1.0bn re-financing fund for new entrepreneurs:
The central bank of Bangladesh has formed a re-financing fund of BDT 1.0 billion aiming to promote the country’s new entrepreneurs in cottage, micro and small sector across the country; a senior official of the Bangladesh Bank (BB) told BBN in Dhaka. “We expect that the new entrepreneurs in the sector will be benefited from the re-financing scheme.” He also said different entrepreneurs and initiatives including women, information and communication technology (ICT), both export-oriented and import substitute, will be given priority for sanctioning such initiatives.

Indo-Bangla trade may almost double by 2018:
Bilateral trade between India and Bangladesh could almost double to USD 10 billion by 2018, provided trading irritants like non-tariff barriers and infrastructure related-issues are resolved, industry body CII has said. Stating that the visit will “turn a new leaf in bilateral relations” between the two neighbours, CII Director General Chandrjit Banerjee said adding that it will boost economic cooperation and further intensify trade and investment between India and Bangladesh, reports Business Standard. The CII statement comes in the backdrop of External Affairs Minister Sushma Swaraj’s visit to Bangladesh between June 25-27. Swaraj will hold discussions on bilateral issues with her Bangladeshi counterpart A H Mahmood Ali. Bilateral trade between India and Bangladesh stood at USD 6.6 billion in 2013-14 with India’s exports at USD 6.1 billion and imports from Bangladesh at USD 462 million, representing more than double the value of USD 2.7 billion five years ago.

Bangladesh’s imports set to rise in coming months:
Bangladesh’s overall imports particularly for industrial sector are expected to rise significantly in the near future following implementation of different infrastructure projects including the Padma Bridge. “The central bank expects that the overall imports, particularly for industrial sector, will increase in the coming months following implementation of different infrastructure development projects across the country,” a senior official of the Bangladesh Bank (BB) told BBN in Dhaka. He also said the central bank has already taken preparations to face such import payment pressures. Bangladesh will be able to settle seven months’ import bills with the existing foreign exchange (forex) reserve, according to the BB officials.
Bhutan is among the top five fastest growing economies in the world in 2013: Bhutan is among the top five fastest growing economies in the world in 2013, according to The Economist, a London-based news magazine. Ahead of Bhutan are Mongolia, followed by Macau, Libya and China. According to the newsmagazine, Bhutan averaged an impressive growth rate of 8.5 percent, 0.1 percentage shy of China at fourth position. Bhutan’s GDP growth rate is also expected to spike next year, when the Dungsam cement plant, which is expected to add around Nu 6B to the economy, is commissioned. It could surpass the growth rates of some of the economies, which are ahead of Bhutan today.

Bhutan leads the world to a new economy of happiness: Next week Bhutan will host host a high level conference at the United Nations in New York with the hope of placing happiness, rather than growth, at the heart of the economy. We have seen the power of disruptive technologies and companies, but are we now witnessing the birth of disruptive countries? The world’s industrial powers, like major companies, are locked into the current destructive economic system and are unwilling to make more than incremental changes to address the enormous ecological and social challenges of our age. But coming to their rescue is the tiny Himalyan kingdom of Bhutan, which has a population of just 700,000. Bhutan, the only country that measures its progress by the level of happiness among its citizens, will next week host a conference at the United Nations in New York, with a grand ambition in mind.

10,000MW yes ... by 2020 perhaps not: Hydropower: Achieving the 10,000MW (megawatt) target is ambitious and challenging but doable, according to Prime Minister Tshering Tobgay. However, it may not be within the 2020 target. Lyonchohen said, after discussing the issue with Indian Prime Minister Narendra Modi, both sides reiterated their commitment to achieving the target. "I'm not really sure whether the projects can be completed within 2020, but both governments are committed to giving it everything," he said. Prime Minister Narendra Modi unveiled the foundation stone for the 600MW Kholongchu hydroelectric project, at the National Assembly courtyard yesterday morning. Kholongchu project in Trashiyangtse is the first of the four joint ventures of Druk Green Power corporation with public sector undertakings of India. The other three projects of DGPC are 570MW Wangchu with SJVNL, which is also the partner for Kholongchu, 180MW Bunakha with THDC, and 770MW Chamkharchu-I with NHPC. "We expect them to be completed well in time," Lyonchohen said. In April this year, the two governments signed an agreement for the implementation of these projects.

Hon’ble Prime Minister, Mr. Narendra Modi asks scientists to develop satellite for SAARC countries: Prime Minister Narendra Modi called upon the Indian Space Research Organisation (Isro) to develop a South Asian Association of Regional Corporation (SAARC) satellite. Addressing space scientists and engineers at the Satish Dhawan Space Center in Sriharikota after witnessing the successful launch of the Polar Satellite Launch Vehicle (PSLV-C23) in the morning, Modi asked the space community to take up the challenge of developing a SAARC satellite that can be dedicated to our neighbourhood as a gift from India. Modi spoke to the scientists for about 20 minutes in English, occasionally switching to Hindi. He said that India must share the fruits of its advancement in space technology with the developing world, and with neighbours in particular.

Visa power: PMO gives nod to electronic clearance: Tourists from about 40 countries including United States, United Kingdom, Russia, Canada, Germany, France, Malaysia and Australia, may be able to apply for a visa from the comfort of their home from next year. The PMO gave its nod for electronic visa for tourists from about 40 countries by December as part of the first phase of visa reforms. In a meeting on Monday, principal secretary to PM Nripendra Misra asked the union tourism ministry to prepare a list of countries where the elect.

France proposes 1 billion euro credit line for sustainable development projects in India: France has proposed giving India a 1 billion euro ($1.4 billion) credit line to fund sustainable development projects, Foreign Minister Laurent Fabius said. Fabius, who is visiting New Delhi, told reporters the credit line would be available over a three-year period.

Delhi to Agra@160kmph: Trial run of semi high-speed train: Railways is all set to hold a trial run of a train at a speed of 160kmph on the Delhi-Agra route as it looks to launch a semi-high speed service between the two destinations in November. Equipped with an electric locomotive of 5400HP, the train will begin its test journey at 10 A.M. from New Delhi Station with Commissioner Railway Safety PK Vajpayee, Divisional Railway Managers (DRM) of Delhi and Agra Divisions and other senior officials involved with the semi-high. "We are finalising all preparations for the trial run at 160kmph speed between Delhi and Agra on July 3. The special train will have 10 coaches. We will make the return journey on the same day," DRM of Delhi Division, Anurag Sachaan, told PTI. RPF personnel will be deployed along the route to ensure that the trial run goes off smoothly.
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Tourist arrivals to the Maldives have increased by 16.2 percent over the past year, the government announced. Statistics released by the tourism ministry shows that 105,309 tourists had visited the Maldives in April, with the total number of tourists who have visited since January reaching 426,870. In comparison to the 343,748 tourists who had visited the Maldives during the first four months of 2013, it is a 16 percent increase. The highest number of tourists (53,988) visited the Maldives from Europe, with the total number of European tourists who had visited the Maldives in the first four months of the year reaching culminating to 219,058. A 24.2 percent increase in tourists from the Middle-East was also observed.

A Saudi Arabian real estate firm announced its plans to develop a resort worth $100 million in the Maldives. Arab News

Real Gross Domestic Production (GDP) is expected to accelerate to 4.5 percent in 2014, the central bank has estimated. The economic growth is expected to increase by 0.8 percent this year as the real GDP was at 3.7 percent in 2013. According to the monthly economic review published by the Maldives Monetary Authority (MMA), the budget deficit is projected to be 3.2 percent of GDP. Meanwhile, the latest balance of payment forecasts estimate that the current account deficit to widen to $562.5 million, which is 22 percent of GDP in 2014. This year’s economic growth will be driven mainly by the tourist sector, the review had estimated. Last year, due to an increase in tourist arrivals from China, the total tourist arrivals rose by 17 percent. The review, which is based on the data from the Department of National Planning, had stated that the tourists had spent approximately $2 billion during their stay in the Maldives.

Internal Trade Policy to boost domestic sector: The government has been preparing an Internal Trade Policy aimed at promoting locally-made products and ending illegal practices like black-marketing and negligent quality control. Exportable goods like woollen carpets, readymade garments, handicraft, tea, coffee and large cardamom have also been targeted for promotion in the domestic market. The Department of Commerce and Supplies (DoCS), which has finalized a draft of the policy, has envisioned making government agencies buy Nepali products in bulk. Similarly, the policy has planned to promote local products through major departmental stores and cooperatives. “The government will provide necessary support to cooperatives which promote the sales of domestic products,” states the draft policy.

New budget to focus on energy, agriculture and Tourism: The government’s policy and programme is to focus on energy, agriculture, tourism, infrastructure and industrial development. Speaking at a face-to-face programme organised, Deputy Prime Minister Bamdev Gautam, who also holds the portfolio of acting Prime Minister, said the budget appropriation will be made as per the policy and programme of the government. Stating that Prime Minister Sushil Koirala would return home soon after undergoing preliminary phase of radiotherapy to neutralize the lesion detected in his lung, the Deputy Prime Minister said that the country’s political and daily administration were moving normally ahead.

Economic growth projected at 5.1 per cent: IIDS: A recently released economic report says that the economy will recover in fiscal year 2013-14 and is projected to achieve an overall growth of about 5.1 per cent. The Institute for Integrated Development Studies (IIDS), a non-profit research institution, has released its study — Nepal Economic Outlook 2013-2014 — which analysed the state of the Nepali economy and made growth forecasts for gross domestic product (GDP), inflation rate, and other relevant macroeconomic indicators. Despite various challenges, the report says economic performance this fiscal is expected to be better than that of last year. The report says a better-than-expected performance of agricultural sector, continued growth in remittances inflow and rise in investor and business optimism will contribute to improving the economy. The study projects inflation to stay at around 10 per cent, due to rising fuel and food prices, rising price of imports caused by record depreciation of the Nepali rupee against the US dollar, and impact of load shedding on the manufacturing sector.
SAARC Biz

Pakistan becomes fifth largest remittances recipient country: Pakistan has become the fifth largest remittances recipient developing country in 2011, witnessing a strong growth of 25.8 per cent during the last year in 2011 compared to the 10.1 per cent growth in South Asia remittances. The upward trend in remittances, during the period under review, was derived from a per annum average growth from UAE of 32.2 per cent followed by United Kingdom 30.1 per cent, Saudi Arabia 27.3 per cent, European Union countries 25.3 per cent, other GCC countries 15.1 per cent and United States of America 9.5 per cent from 2007-08 to 2010-11, states a document issued in Economic Survey of Pakistan.

Sri Lanka textile maker says European orders strong, US buyers cautious: Demand from US retailers have softened in recent months but European demand was still strong, Textured Jersey, a Sri Lanka based textile maker said. "Some US retailers took a cautious approach for a couple of months, softening demand in our US business," Bill Lam, chairman of Textured Jersey told shareholders. "Despite this, TJL's European order book continues to be strong mitigating the overall impact." TJL is an affiliate of Sri Lanka based apparel maker Brandix. The firm said profits grew 9 percent to 351 million rupees in the March 2014 quarter from a year earlier. The firm reported earnings of 54 cents per share.

Sri Lanka fruit and vegetable exports led by banana and cassava: Sri Lanka’s fruit and vegetable exports have been led by banana and cassava in recent years, which are grown commercially in large extents of land, which is vital to grow the industry, an official said. Sri Lanka’s Fruit and Vegetable Producers Processors and Exporters Association is expecting to boost exports of 88 million US dollars by 32 million US dollars in 2012, vice president Indira Malwatte said. She was speaking at a forum on the future of exports, organized by the Exporters Association of Sri Lanka. EASL chief Rohan Daluwatte, said the outcome of the forum would be used to lobby for policy changes and future plans and strategies.

IMF says Pakistan’s macroeconomic conditions improving: On the occasion of the Executive Board’s approval of the 555.9 million tranche for Pakistan David Lipton First Deputy Managing Director and Acting Chair noted that fiscal consolidation remains broadly on track. Macroeconomic conditions are improving but downside risks remain. The government has taken measures to address short-term macroeconomic vulnerabilities and advance structural reforms including the energy sector reform but continued efforts to safeguard the fragile economic recovery are needed he said according to a Fund statement.

Textiles yet to reap benefit of GSP Plus: According to SBP data, textile exports declined by 3pc to $1.14bn in May, from $1.17bn in April. "Despite the GSP Plus status, the textile sector has failed to reap any material benefit thus far", "Since its inception as a single spinning unit, the company has expanded and diversified into a manufacturing and finishing complex, consisting of six spinning units, one weaving unit, one dyeing and printing unit, and one stitching unit. Today, NCL operates with 210,000 spindles and 293 air jet looms with a monthly production capacity of 7.5m pounds of yarn and 4m yards of greige fabric", the company says. Its progress went as follows: it set up the first spinning mill in 1991, diversified into weaving in 1998 and into home textiles in 2006, and then established a subsidiary company in the US last year. Financial figures of the company over the last six years also show considerable progress. Its net sales rose to Rs21bn in 2013 from Rs9bn in 2008, while total assets stood at Rs22bn by end-2013, twice that of Rs11bn in 2008. Ever since textile companies’ fortunes turned for the better, NCL has made regular dividend payouts to investors of Rs2 per share for each of the last three years. “Due to a prudent payout-retention policy of the board, the company also has a cushion of healthy reserves at Rs6.2bn,” a senior company official claimed.

Sri Lanka passes law on graphical tobacco warnings: Sri Lanka’s parliament has passed a law on pictorial health warnings on tobacco packs, after a British American Tobacco unit in the island went to court against an earlier health ministry regulation. The state information office said parliament unanimously passed the law requiring pictorial health warnings to cover 80 percent of cigarette packs Wednesday. Similar laws are in effect in several other countries.

Sri Lanka tourist arrivals up 14-pct in June: Sri Lanka’s tourist arrivals rose 14.3 percent to 103,195 in June 2014 from a year earlier, driven by China and India, data from the state tourism promotion office showed. In the first half of 2014 arrivals were up 24.6 percent to 727,353. South Asian visitors were up 13.3 percent to 30,950 with arrivals from India, Sri Lanka top market, up 30.2 percent to 19,911. Visitors from Maldives were down 14.5 percent to 7,528 and Pakistan was down 7.5 percent to 2,212. East Asian visitors were up 42.9 percent to 22,000 with arrivals from China up 125 percent to 8,345.

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Can Afghanistan’s Economy Stand on Its Own?

At the turn of the century Afghanistan was economically comatose. The arrival of international forces in 2001 also marked the start of unprecedented international support. After 12 years of conflict, Afghanistan remains a burden for the international community.

The day is approaching when Afghanistan will have to stand on its own. To do that, Afghanistan will need to adapt to the dynamics and rules of globalization. The international community and incumbent administration have made a start to this adaptation process. The new administration will have to continue it with stronger commitment and at a faster pace – it has no pretexts to do otherwise.

Over the last twelve years, most media outlets, think tanks and experts have focused on the challenges that Afghanistan faces. Given the ravages of decades of conflict, this is not surprising, but it has led to a virtual “analysis paralysis.” Despite the very serious security challenges that clearly remain, few experts have underlined the fact that Afghanistan enjoys a highly unique convergence of factors that it could potentially seize to develop the nation.

To begin with, there are a myriad of countries contributing to Afghanistan in a variety of ways: militarily, diplomatically, or financially. The U.S. has allocated an astonishing $100 billion of nonmilitary funds to Afghanistan since 2002, the largest amount the U.S. has ever spent on reconstructing a country. Even after the drawdown of forces this year many nations will remain committed: Germany, for example, has committed 430 million euro ($587 million) a year until at least 2016, while major aid organizations like the Asian Development Bank and the UN will also remain dedicated for years to come. This, the international community’s support and attention, is the exogenous advantage the country enjoys.

Add to this a set of endogenous advantages. Some of these have been in place for years, while others have emerged only recently. Among the latter are Afghanistan’s democratic political institutions, which permit participation and competition. Allowed to work as intended, these institutions should prevent the country becoming subject to the whims of a single authority. The election process meanwhile functions as a flushing mechanism for entrenched elites and ossified ideas – on paper at least. Supporting this and giving civil society a voice is a free media: today there are some 35 TV stations, over 100 radio stations and more than 150 newspapers. These are luxuries that civil societies in so many other underdeveloped nations can only dream of.

Afghanistan also boasts an astonishing resources endowment worth nearly $1 trillion. These include massive veins of coal, copper, lithium, gold; deposits of gemstones, and substantial natural gas and oil fields. Moreover, it hosts a number of rare earths; China currently controls over 90 percent of the global supply of rare earths.

Afghanistan has nutrient-rich soils for significant agricultural output: some 12 percent of the arable land of the country can annually produce food for up to 160 million people according to the chief economic advisor to the president of Afghanistan. Investing in this sector could enable food processing and substantial exports. Moreover, while some claim that the nation suffers from the tyranny of geography, it does in fact occupy a unique position connecting landlocked Central Asia with South Asia. This offers potential as a trade and energy corridor and subsequent prospects for downstream industries.

If all of these advantages could be seized, the revenues generated could then be invested in physical infrastructure, as well as social infrastructure such as schools.

The brains (and muscle) to develop the country, the Afghan people, is there: a youthful labor force (aged 0-25) of some 23 million, representing an incredible 68 percent of the population. Obviously those brains would have to be filled with the knowledge needed to develop the nation. Primary school enrollment has, at least, gone up, from 21 percent in 2001 to 97 percent ten years later.

The cherry on top? Afghanistan has the good fortune of having two manufacturing giants next-door: China and India. Both are captivated by its natural resources endowment. Afghanistan could take advantage of their reemergence and join their economic orbit. Mining and smelting operations will generate significant tax revenues, employment and spin-off enterprises and initiate much needed economic growth.

This array of exogenous and endogenous advantages and its very timing is an opportunity that many other developing nations could only dream of. As with all opportunities, it will not linger and Afghanistan will have to quickly embrace it with both hands if it wants to develop – and circumvent looming social disorder. The incredible youth ratio can be an advantage, but it could also be a liability: youngsters who do not have sufficient incentive or a stake in construction might instead lean towards destruction, especially unemployed and frustrated young men. Socioeconomic stasis is also a strong motivator for insurgents – the longer socioeconomic development wanders the more confident they will grow and the more appealing their lure to Afghan youth.

Afghanistan needs to realize the enormous development potential it possesses; there is a convergence of factors that will most likely not return for generations. If the new administration lacks the political determination and fails to seize these opportunities, Afghanistan will continue to disappoint and decades hence Afghans themselves will only look back and lament.
Challenges and opportunities
Rice Seeds Trade between Bangladesh & India

Rice, being a major staple crop in South Asia carries its importance in ensuring food security of the region, including in India and Bangladesh. Both the countries have agriculture-based economies where more than 50 percent of the active working population is engaged in agricultural activities. As per UN data, agriculture contributed 17.1 and 18.3 percent, in 2011, in the gross domestic product (GDP) of India and Bangladesh, respectively. It is to be noted that the large number of farmers engaged in the rice cultivation are small and marginal with average land holding of 1.4 ha in India and 0.5 ha in Bangladesh and have limited economic resources which restrict their capacities to utilise costly inputs, including quality rice seeds, to increase their crop productivity.

The quest of increasing the rice productivity, led towards engaging large resources for instance; rice cultivation has largest area coverage in terms of agriculture land in Bangladesh. In spite of this, rice production is insufficient and it has to rely on imports. Bangladesh not only import rice for its domestic consumption but also rice seeds, primarily Chinese Hybrid rice seeds varieties, with estimated import market size of US$7.7million in 2010-11, the rice seeds imports has fluctuated but has grown more than three times during 2005-2011, as per International Trade Map (ITC) database.

Such huge demand for rice seeds imports in Bangladesh is indicative of the shortcomings in domestic system to meet the requisite demand. On the other hand, India is a major rice exporting country with an exhibited exports capacity of US$17.3million tonnes in 2011, as per ITCTrade Map. Rice cultivation in India is widely distributed among the regions thus; the demand for quality rice seeds is wide-spread which is met either through the market mechanisms or public distribution channels.

With developed rice seeds production channels, the problem of rice seeds availability is not as severe in India, as the accessibility and affordability of the quality seeds by the marginal farmers which is further promulgated by the infrastructure gaps in the rice seeds and distributions channels in distant and remote areas of rice production.

Demand-supply gap of quality rice seeds is being faced by both the countries. Where Bangladesh suffers from limited availability of quality seeds, limited accessibility is India major concern. Limited market capacity to serve the resource poor farmers is further encouraging the low seed replacement rate as well other channels of seeds exchange among the farmers, which is beyond the scope of quality regulations thus leading towards low productivity and subsequent returns.

**Scenarios in India and Bangladesh:**
Currently, the rice seeds market developing in India and Bangladesh are focused on the hybrid varieties which are not only costly but also requires more fertilizers and chemicals in its production, which further adds to the total cost of production. Whereas, as compared to Hybrid, HYV rice seeds are available at one-tenth of the price of hybrid seeds and they also requires lower quantity of chemical use, such as fertilisers.

Adding on, hybrid rice seeds are mainly utilised in Boro season as against HYV which is used in all seasons, such as Aus (April-July), Amon (April-December) and Boro (December-May). The average yield produced by the hybrid rice seeds is 4.75 metric tonnes/hectares as compared to the HYV which results in the yield of 2.87 metric tonnes/hectares for the year 2007-08 in Bangladesh.

However, when one talks about the average yield for hybrid seeds, it is average of one season (Boro); in contrast to average yield of HYV rice seeds, which is the average of all the three rice cropping seasons. Interestingly, the equation changes significantly, when one compares the yield of hybrid and HYV for the Boro season alone. In such a scenario, the hybrid and HYV seeds produce yields of 4.75 metric tonnes/hectares and 3.85 metric tonnes/hectares respectively which is comparable (Graph 1). It is noteworthy that the area coverage of the HYV rice seeds for the year 2007-08 is highest in all seasons (Graph 2). The overall situation emerging from existing rice yields and productivity reflects a better scope for expansion in area under cultivation of HYV rice seeds.

However, in spite of restricted adaptability market is focusing on hybrid varieties of rice seeds in both the countries. This can be attributed to high returns that hybrid commands in the market, thus incentivizing private sector for further investments. On the other hand, due to similar reasons HYV rice seeds and the local varieties are generally out of market arena, leaving public sector to meet the demand for HYV rice seeds.

Increasingly, in both the countries, public sector is encouraging private investors to also invest in the HYV rice seeds market. Also local small seed entrepreneurs are being trained to carry out the quality seed development and the seeds developed by them are procured by public agencies for further distribution. These recent developments in the rice seeds production channels is heartening for both the Countries as, the small seed sector development, is not only channeling the quality rice seeds among the local farmers in low cost but also increasing the seeds replacement rate.
Potential Benefits from Trade:
Bilateral cooperation of rice seeds trade between India and Bangladesh has potential to attain the twin objectives of availability and affordability of quality rice seeds. One specific benefit that can be derived from mutual rice seeds trade liberalisation is the benefit of diversification of rice seeds varieties as opposed to mono variety trade. Many of the local and modern HYV rice seeds have the potential to be utilised in both the countries (subjected to scientific certification), due to the similarity of the agro-climatic conditions across the borders.

Liberalisation of rice seeds trade, will not only further the market opportunities for small seed entrepreneurs but also will go a long way in meeting the quality rice seeds demands from both the sides of the border. Adding to it the integration and cooperation in rice seeds at public, private and institutional level will help two countries enlarging the platform of resource utilisation and mobilisation via enhancing the arena of agriculture market access for both the countries.

Challenges and Opportunities:
Tariff barriers has effectively been removed from the agriculture trade between India and Bangladesh but the challenge in rice seeds trade still persist due to the existence of non-tariff barriers, such as: a) Quarantine regulations, b) Standard Certificates, and c) Limited number of entry ports. Inadequate infrastructure facilities at the ports are major constraints hampering the cross border trade between the two countries.

In addition, subsidies provided by the public sector for the rice seeds are discouraging private investment to flow into the system, leaving public sector (with its limited capacity) to meet the demands of the rice seeds in the economy.

The gap between the rice seeds requirement and the existing limited reach of the formal market of the quality rice seeds is being filled by informal rice seeds market both, within and across the border. The informal market is the unorganised channel of rice seeds exchange among the farmers and small seed producers. It not only involves the barter but also the loan system, which is utilised by the resource poor farmers in accessing the seeds for their requirement. Further, it is to be noted that under the shadow of unorganised system of rice seeds trade there are increasing instances of illegal flow of rice seeds across the border. One of the biggest challenges posed by this system of seed exchange is that it is outside the scope of formal rules and regulations hence consumers of this market cannot avail to their right of protection against the low quality and fraud.

However, an instance of illegal or informal flow of rice seeds across borders not only validates the acceptability and adaptability of the Indian rice seeds in Bangladesh and vice-versa, but also validates the existence of the demand for the same. There are many recent developments in the Indo-Bangladesh trade policies which are not only heartening but also can lead towards a better bilateral co-operation between the two countries, including in the area of rice seeds trade. Indo-Bangladesh Joint working group on trade committee meeting held in June 2013 was an important step forward towards the bilateral cooperation between the two countries, not only in terms of real steps towards increasing the trade but also towards sending across the political sentiment favoured for bilateral cooperation in trade.

Adding to it, the recent Indian government programme of Bringing Green revolution to the eastern India is focused on increasing the productivity of the eastern rice cultivating regions, by introducing better seeds as other productivity enhancing technologies. With increased pace of investments in infrastructure to support and stimulate economic activity in the eastern region of India, as a result of this look east policy, this region can effectively become a gateway to trade and economic activity with neighbouring countries such as Bangladesh.

Conclusion:
Formalisation of cross-border rice seeds trade has a huge potential for opening up the opportunity of bilateral cooperation in agriculture between India and Bangladesh. This underlines existence of a huge untapped potential benefit that both India and Bangladesh can gain from their collective efforts. It will not only help governments to attain their objective of ensuing food security to the nation but also develop agriculture sector which is contributor to the GDP as well the biggest source of employment generation in the country. Increasing awareness and biasness of urban consumers from developed and developing countries, towards organic food as opposed to the food developed from the use of the heavy chemicals. This shift will benefit the small and marginal farmers utilising the HYV rice seeds as opposed to the Hybrid rice varieties, in returns from the export of the food. Developing the system of natural farming and drawing the policies which strengthen the systematic development and utilisation of the modern HYV rice seeds is not only a sustainable but also beneficial for the farmers as well as for the country as a whole.

By Neha Jain, This Briefing Paper has been prepared by CUTS Centre for International Trade, Economics & Environment (CUTS CITEE) under the project entitled, Addressing Barriers to Rice Seeds Trade Between India and Bangladeshi with support from Bill & Melinda Gates.
The Guard Research Division has been integral in this journey of excellence. Our demand driven research team headed by Late Dr. Abdul Majeed (Pride of Performance) commercialized extra long grain Super Basmati Rice which was demand of the International Market, bringing quantum jump in country’s export.

At Guard Agri, we pay utmost attention to research and in our constant pursuit of knowledge, we have collaborated with Yuan Long Ping High Tech Agriculture Co. World’s No. 1 Technology provider and inventor of hybrid rice. Commercialization of high yielding hybrid rice has ensured further food security for Pakistan thereby making a contribution towards uplifting of socio-economic standards in rice growing areas of rural Sindh and Balochistan and helped in poverty alleviation where rice hybridization took place as hybrid rice has doubled the yield of conventional rice.

Guard Agri is also working in close collaboration with Biocentury Transgene (China) Co. Ltd. China’s leading technology provider for transgenic insect-resistant hybrid cotton (Bt Cotton) and other major crops. Because of our tireless R&D department, today, we are the leaders in Seed Production and Sales, Agricultural Machinery and domestic as well as International Rice Marketing.
When the next president of Afghanistan takes office later this year, he will inherit a growing budget shortfall that could leave tens of thousands of civil servants unpaid and force key public programs to shutter.

After more than a decade of Western aid projects designed to make the Afghan economy self-sustaining, government revenue continues to fall short of projections, leaving the country in dire economic straits just as foreign funding begins to dry up.

The current budget shortfall — roughly 20 percent of overall Afghan expenditures — has worsened as the country navigates a tenuous political transition, sending a shock wave through Afghanistan’s nascent economy.

Afghan officials plan to request additional funds from foreign donors to make up for the shortfall. But as the United States and NATO draw down financial and military assistance this year, those emergency funds are far from guaranteed.

“If we do not receive extra funds in the next two months, we will face a problem with the operating budget, which is mostly salaries,” said Alhaj Muhammad Aqa, director general of the treasury at the Finance Ministry.

Aqa said the government has roughly $400 million less than the $2.5 billion it was projected to spend this year, leaving officials to weigh potential cuts. That hole is expected to deepen in the coming months as the country prepares for a divisive second-round election and an active fighting season in the war against Taliban insurgents.

Afghanistan will need more than $7 billion annually for the next decade to sustain a functional government, maintain infrastructure and fund the Afghan army and police, according to the World Bank. But there are already signs that foreign donors might not have an appetite for such a commitment. The Obama administration requested $2.1 billion in financial assistance for Afghanistan this year, but Congress approved only half that amount.

While U.S. officials acknowledge the gravity of Afghanistan’s economic problems, they argue that the country should be able to steady the budget without halting government salaries. They also suggest that revenue could increase if key reforms are implemented.

“It is not a matter of providing more donor funding. Certain actions by the government need to be taken which will have a quick impact on their ability to generate more revenue,” said Ken Yamashita, coordinating director at the U.S. Embassy in Kabul.

“There’s definitely that significant economic contraction that’s coming with the transition,” Yamashita said. But he said the Afghan government should be able to cut other expenditures so employees continue being paid.

In spite of dozens of Western-funded programs aimed at increasing domestic revenue, the government is still almost entirely dependent on foreign donors to shore up its budget. Taxes and customs tariffs are the only significant sources of revenue, but those collection processes are riddled with problems. According to a report released Tuesday by the Special Inspector General for Afghanistan Reconstruction (SIGAR), “corruption impacts all levels of the customs process.”

In documents obtained by The Washington Post, the Afghan Finance Ministry recorded the performance of several would-be revenue sources developed by the United States and other donor countries at great cost: lumber production, railway fees, copper mining and oil transit. Cumulatively, those projects have yielded almost nothing, according to the documents.

Meanwhile, customs revenue and taxes continue to miss targets. From December to March, total revenue fell roughly $105 million short of a $540 million projection, according to Najibullah Wardak, director of the Afghan customs department.

“Customs and trade volume has been reduced significantly, and I hope it will take an upward trend when the new government is in place,” Wardak said. He added that a decline in Afghanistan’s once-booming construction sector has been the most significant drag on tax revenue.

With the U.S.-led combat mission due to end this year, looming uncertainty has taken its toll on the Afghan economy. Housing prices have declined. Private investment in the country’s mining and agriculture sectors has also been hit.

When President Hamid Karzai refused to sign a bilateral security agreement with the United States, the economy unraveled further. The country’s presidential election, expected to be fiercely divisive and plagued with claims of fraud, has added to existing
uncertainty.

With the first round of the election over, the prospect of a second-round runoff between the two front-runners has prompted concern among Afghan economists, who see the political process as another obstacle to economic growth.

“This is my big concern,” Aqa said. “If the election goes to the second round, it means our shortfall revenue will be higher and higher.”

Both of the country’s leading presidential candidates, Abdullah Abdullah and Ashraf Ghani, have spoken publicly about the government’s financial mismanagement. If the revenue problems persist, as expected, the next president will either have to cut spending dramatically or ask foreign donors for help.

“Afghanistan might have to ask the international community for more money,” Abdullah said in an interview last week.

The SIGAR report argues that eliminating or significantly reducing corruption in the customs process “could potentially double the customs revenues.” But Afghan officials say the problems are too urgent to be solved by economic reform.

In interviews, several officials said the government was only months away from a financial crisis that would leave teachers, maintenance workers and thousands of other civil servants unpaid. “If the situation does not improve in the next quarter, the government will have difficulty in financing the salaries of the employees and other important spending pressures,” said a senior Afghan official who spoke on the condition of anonymity.

Afghan soldiers and police are paid with foreign funds, so their salaries would not be affected for now. But the Afghan government is expected to take responsibility for a greater portion of its budget in the coming years, and the current financial deficiencies are seen by many as a preview of future problems. This year, Afghanistan is expected to pay for roughly 20 percent of its own budget. U.S. officials had hoped revenue would steadily increase as foreign funds tapered off to avoid a dramatic contraction. It now appears that such a contraction is inevitable.

“What concerns us is the signal that it sends that while the public financial management has improved significantly, revenue collection is not moving in the direction we’d like to see,” Yamashita said. If the international community makes up the deficit, “we can manage our operating budget for the next six months,” Aqa said. “Otherwise, no.”

Future Facebook Addict

ALL HE DOES ALL DAY IS WRITE ON OUR WALLS!
Regional Brand Power: An effective tool to assist marketing SAARC products in Global Market:

**Introduction:** Regional trading blocs have taken a centre stage in the global scenario. Regional integration is thus not only improving global trade but improving bilateral relations as well. SAARC too is striving to improve relations where private sector remains the key player.

The concept of common regional market and common regional Brand can unite the nations and brand synergy can further help to strengthen respective industrial, commercial and financial sectors of the member states. Protection of brands is however equally important and cannot be overlooked.

**Brand Power:** A Brand builds its own world and has a fantastic power. We can think many successful Brands in our own life. Brand supports long term ties with people and allows lower costs for new entries. Swift, Everyday, Gillette, Singer, Coca Cola, Lipton, Good Year, Colgate and many other leading brands are perceived as symbol of quality and are rated high for loyalty. Brands on one hand have a high value to firms giving them opportunities of Brand extensions, trade leverages and competitive advantage over others. On the other hand a Brand has a value to customers and gives confidence in buying and satisfaction. A Regional Brand however, has perceived value much higher than the one built by a single country or a single company.

**Branding in SAARC Region:**

a. A lot of efforts at government’s level are in hand to boost trade within SAARC region that is presently hovering around 7% of total SAARC trade. This figure is much below the potential. Trade can be enhanced by coordinated efforts of all SAARC countries through common regional branding, leading to Global Markets with a SAARC Brand Name. SAARC brand authority can, therefore, promote and brand SAARC products in the Global Market with a central Branding strategy.

b. ASEAN had started branding regional products such as Asia Air. SAARC can also go for regional branding of its common products. Readymade garments, automotive filters, Shoes etc are the common examples.

c. Branding of EU Products is another example. CE “Conformite Europenne”, European Conformity marking that involves a process which is an obligatory requirement for exports to European Economic Areas. Similar marking can be made mandatory to ensure a product that meets all relevant essential requirements of SAARC region.

d. Effective Intellectual Property Rights to counter copy of genuine Brands: Although SAARC member states are taking all appropriate measures to check imitation, still a lot has to be done to avoid unprecedented loss to the genuine brands.

**Top Pakistani Brands – A few examples:**

a. Dressing is known to speak the language of the identity that a person holds – there are numerous top class shoe Brands in Pakistan. Servis, Bata, Regal, Stylo, are one of the leading Brands.

b. Brands of food sector are equally growing. Pakistan Fashions of Gul Ahmed, Al-Karam, Bonanza, and Nishat etc are popular world over.

c. Many other Brands in the sectors of Automotive Industry, Food Products, Hotels, News & Media, Oil & Gas Exploration, Pharmaceuticals, Power Generation, Sugar, Telecom & IT, Transport, etc. are popular and are producing quality products as per International standards. A list can be obtained from http://Wikipedia/wiki/list - of companies of - Pakistan.

Among many popular Pakistan Brands “Guard” brand is a symbol of reliability and unsurpassed performance since 1960, for all types of engines in Pakistan. Guard is also engaged in supply of quality products like Guard Rice and Hybrid Seeds, Guard Brake Fluid, Guard Brake Lining, Guard Lube oil, Guard Car Care Products, Guard Greases and Guard Coolants.

Guard well known Automotive Filters are being used as original parts (OEM) by a number of vehicle and tractor assemblers like Suzuki, Honda, Daihatsu Coure, Sigma Motors, Hino Pak, Millat Tractors and Algazi Tractors etc in Pakistan, besides meeting the requirements of Pakistani markets.

GUARD AUTOZONE is another project of GUARD which provides convenient services to automobile users such as Oil change, oil & air filters change, battery charging and car wash. Guard Auto zones are operational across Pakistan in all major cities and National Highways.
There is also a call centre associated with the GUARD AUTOZONE which is first of its kind in Pakistan where it calls the customer and lets them know that it is time for their next oil change and also lets them know where the nearest AUTOZONE located is. Call centre also keeps a history of the car.

Besides the above Industrial, Commercial and Agricultural enterprises Guard is equally involved in providing services in social sector and have set up two Trust Hospitals In addition, Guard is making commendable contributions in promoting sports activities more particularly the Polo. Guard Polo Team actively participates in all major events / Tournaments with marked achievements.

It is the quality of product and service that makes the Guard stand out from many other such products in Pakistan.

Digital Textiles Printing gaining momentum in Pakistan

According to Syed Khalid Aleem who represents MS digital printing machines from Italy, local designers and textile mills are collaborating like never before to attract the ever discerning consumers in Pakistan. In the past, these designers used to have only two seasonal collections. Today due to digitally printed textiles, the same designers are now able to offer as many as four fabric collections every year. The digital printing technology allows smaller exclusive collections, with the highest possible returns to cater to the ever growing demand for four collection per year.

The market for digital textile printing is increasing as it offers better and high definition textile print design possibilities, lower water, effluent, emissions and energy use and economical production of “short run-medium run” prints to the market. The shorter delivery brings in increased savings to retailers and brands as digital printing is based on proximity sourcing and just-in-time printing and sourcing strategies.

Where the print heads are concerned, the digital printing with Kyosera KJ4B print head is becoming the most widely used option for Italian digital textile print machinery manufacturers. MS of Italy has shown that single pass technology offers very high production rates per hour – albeit at a high initial machine cost - but at the same time it requires a large production order to be viable. Importantly, overall reliability and Print Head Life (whether measured in print head production hours, volume of ink through the print head, MTBF (mean time between failures) are key factors to determine the success of the digital textile printer. In the overall global textile printing production scenario, digital printing is still relatively such as small signage flag/banner) with disperse dye sub links, ladies apparel/fashion and niche segments such as DTG (Direct to garment digital printing).

In Pakistan there is an overlap when it comes to fashion apparel and signage digital textile printing industry. The cross over point between digital and traditional and screen is now established for short – medium run production (500sq.m/hour), and yet digital printing of home textiles is a very complex option, which is yet to be explored by our exporters. The retailers in Pakistan are increasingly aware of the shorter production lead times, proximity sourcing and quick stock replenishment strategies in the local fashion market and only the time will tell, if it is just a passing fancy or leading to more applications in digitally printed fabrics.
**SAARC-TPN Team Exposure visit to ASEAN Secretariat**

**Background**

One of the major objectives of the SAARC-Trade Promotion Network (SAARC-TPN) is to enhance the capacity of the members in strategic management and trade related matters. This includes successful cooperation with public and private sector institutions at national and regional level. Cooperation with the SAARC Secretariat and also with relevant high-level national and regional institutions is an important aspect for the development of regional trade facilitation. To influence policy decisions towards enhanced regional integration and to gather further access to the regional platform of the SAARC, development of expertise on negotiation skills and policy advocacy are important.

Member states of the ASEAN are dealing with similar issues of regional integration for quite some time. There exists a broad experience and knowledge on both, practices of policy advocacy and lobbying and promotion of the regional economic integration. Therefore, learning from their experience will be a huge advantage for the development of the SAARC-TPN, its member organisations and particularly with regard to their capacity enhancement on policy advocacy at national and regional levels.

The ASEAN (Association of Southeast Asian Nations) is already in existence for nearly 50 years (founded in 1967). Economic growth is the most important single factor for poverty alleviation. Depending on its pace and pattern, growth creates more and better productive employment opportunities, allowing it to make sustained inroads into organisations and particularly with regard to their capacity enhancement on policy advocacy at national and regional levels.

**SAARC-ASEAN Complementarities**

Economic growth is the most important single factor for poverty alleviation. Depending on its pace and pattern, growth creates more and better productive employment opportunities, allowing it to make sustained inroads into

To explore the Trade contribution on economic growth and identifying potential for enhancing mutual economic and trade relations among ASEAN (Association of East Asian Nations) and SAARC (South Asian Association for Regional Cooperation) SAARC-TPN member organizations visited Jakarta, Indonesia as an Exposure visit to ASEAN Secretariat and other relevant institutions in Jakarta. The exposure visit provided opportunity to the SAARC representatives in general and the private sector in particular to learn the good practices from the experience of the ASEAN, and insights on mechanisms for policy advocacy/lobbying, structure, process which could be recommended in SAARC for replication.

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Member states of the ASEAN are dealing with similar issues of regional integration for quite some time. There exists a broad experience and knowledge on both, practices of policy advocacy and lobbying and promotion of the regional economic integration. Therefore, learning from their experience will be a huge advantage for the development of the SAARC-TPN, its member organisations and particularly with regard to their capacity enhancement on policy advocacy at national and regional levels.

While South Asia is famous for its unprecedented potential, economic, human capital, natural resources, world major energy corridor as well as for its geo strategic location on the world map. The region is playing pivotal role for the socio-economic development of the people of SAARC in particular and rest of the world in general. Analysis of forecast of GDP of world leading economies shows that if present trend in GDP growth remains constant for the years to come than China will cross USA in 2025 while India will cross Germany and UK and in 2030, China would be at No. 1, USA at No.2 and India will be third largest economy of the world.

The participants of the exposure visits find that there exist high potential for mutual cooperation in lot of fields. it was also explored that there are some areas in which ASEAN has achieved good practices and SAARC can be benefited from their experience, while in some areas good practices and experiences of SAARC may be beneficial for ASEAN. For instance, ASEAN follows systematic Information dissemination to SMEs, Common Research Center (ERIA) is an advantage to execute planning/ research on ASEAN integration from academic perspective, and Government of Indonesia takes full responsibilities of sponsorship of SMEs. Successful story of SME promotion in Indonesia, Effective ASEAN-GIZ collaboration, Private sector involvement in the ASEAN EC 2015, Activities of SMESCO for promoting/ Marketing of SMEs of Indonesia, ASEAN Dialogue partners ASEAN Integration as one ASEAN Economic Community (AEC 2015), Role of private sector in ASEAN Summit and most important characteristics is the systematic well organized ASEAN Secretariat are the few important aspects of the ASEAN which provide opportunities to replicate in SAARC.

The important lesson learnt from this interactive visit is that the trade is an important source of wealth generation, as well as an important means to self-sustained growth and poverty reduction. To begin with, access to larger and richer foreign markets is key to enable domestic firms to generate the level of demand required to exploit economies of scale which, in turn, create the opportunities for sustained economic growth. This is especially true for low-income countries with small domestic markets. More importantly, trade allows developing country firms to access technologies that are essential for improving their productivity and competitiveness which will generate growth and employment opportunities, including for poor men and women.

**Outlook for Pakistan-Afghanistan Bilateral Trade**

Trade between Pakistan and Afghanistan has grown since 2001, although much of it is informal and is not captured in official statistics. The two governments have tried to promote closer economic ties, but progress has been limited owing to corruption and security problems on both sides of the border. Bilateral trade is also imbalanced, with Pakistan having a large surplus, as Afghanistan’s low economic development limits its ability to export. The deteriorating security situation in Afghanistan as international troops withdraw is likely to lead to a decline in bilateral trade in 2014–15.

Since the Taliban were driven from power in 2001, trade between Afghanistan and Pakistan has grown strongly, albeit from a low base. According to IMF statistics, exports from Pakistan to Afghanistan grew from US$142m in 2001 to US$2bn in 2012. Its imports from Afghanistan increased from US$26m to US$177m during the period. Much of the bilateral trade is not captured in official figures, because often it is conducted informally to avoid customs duties and fees at the border. In August 2013 an Afghan official assessed that informal bilateral trade totalled an additional US$2bn above what was officially reported. The State Bank of Pakistan (the central bank) recorded a 23% fall in exports to Afghanistan in fiscal year 2012/13 (July–June) and much of this decline was attributed to trade moving to informal channels.

**Lukewarm government support for growing economic relations**

The governments of both Pakistan and Afghanistan have made efforts to promote bilateral trade. Officials meet regularly through the Pakistan-
Afghanistan Joint Economic Commission (JEC), which was established in 2003 to improve bilateral economic co-operation. The ninth session of the JEC was held in the Afghan capital, Kabul, in late February 2014 and was chaired by Afghanistan’s finance minister, Omar Zakhilwal, and his Pakistani counterpart, Ishaq Dar. Some concrete measures to promote bilateral trade were mooted at the session, such as the commencement of construction on an additional road between the Torkham Gate on the countries’ shared border and Jalalabad in Afghanistan. However, several of the commitments made during the ninth session were similar to those at the eighth session, held in January 2012, such as co-operation to implement the Central Asia South Asia Electricity Transmission and Trade Project (CASA 1000) and the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline. This suggests that these meetings tend to be for form’s sake rather than producing anything of substance.

The two sides also signed an updated version of the Afghanistan-Pakistan Transit Trade Agreement (APTTA) in 2010, which allows Afghanistan to transit duty-free goods overland through Pakistan and via Pakistani ports for export and import to other countries. (The agreement, however, does not permit India to transit goods through Pakistan for export to Afghanistan, as Pakistan and India continue to impose restrictions on their bilateral trade owing to security concerns.) The agreement has been widely touted in local and international press as helping to promote bilateral trade. However, Afghanistan’s overall exports did not rise in value between 2010 and 2012, according to IMF data, and the pact has encouraged widespread smuggling of goods in Pakistan by traders claiming to be transiting goods into Afghanistan.

Corruption and security issues are impediments to trade

Security problems on both sides of the border hinder Pakistan-Afghanistan trade. Traders moving goods through Pakistan and Afghanistan often have to pay protection money to insurgents to ensure that their goods can move safely, which increases the cost of trade. According to a Pakistani newspaper, Dawn, traders moving goods from Karachi to the border crossings at Chaman in Balochistan and the Torkham Gate in the Federally Administered Tribal Areas (FATA) have to pay extortion fees ranging from PRs100,000–200,000 (US$960–1,900) per container, often at check points in FATA.

The US government has acknowledged that the private contractors who transport military supplies pay off the Taliban in order to move them safely through Afghanistan. Merchants in Afghanistan also are frequently required to pay off insurgents to ensure that their goods are not harmed. Although traders often provide bribes to customs officers to evade official duties and levies on their goods when crossing the border, guards on both sides demand bribes from people moving across the border and subject them to harassment if they refuse, which is likely to discourage crossborder trade.

The Afghan economy is also underdeveloped compared with Pakistan and does not produce goods that are widely in demand over the border. This is reflected in the imbalance in bilateral trade: Pakistan’s exports to Afghanistan far exceed its imports from the country. In addition, Pakistan is a far more important trading partner for Afghanistan than the latter is for Pakistan. In 2012 32% of Afghanistan’s total exports went to Pakistan, while only 8% of Pakistan’s total exports went to Afghanistan. Of Afghanistan’s imports, 23.5% came from Pakistan, while less than 1% of the latter’s imports originated from Afghanistan. Given that Pakistan’s trade with Afghanistan constitutes a small share of its total trade, Pakistan is likely to focus its trade-promotion efforts on other more important trading partners.

In addition, high inflows of foreign exchange into Afghanistan owing to the international military presence and large amount of international aid have cause the afghani’s value to be artificially high against the Pakistan rupee. Although the afghani has depreciated against the US dollar over the past two years as foreign-currency inflows have declined, its strength has increased the cost of production in Afghanistan and hinders the country’s ability to export.

Bilateral trade is likely to decline

Trade between the two countries is likely to decline in 2014–15. The security situation in Afghanistan will probably worsen as international troops complete their withdrawal from the country in 2014, making it more difficult to move goods across the border and increasing the vulnerability of businessmen to extortion. Afghanistan’s economic growth is likely to slow as inflows of foreign aid decline and the security situation worsens, which will reduce the country’s demand for imports and hamper its ability to produce goods for export. As a result, the outlook for bilateral trade remains poor.
Established in December 1992, South Asian Chamber of Commerce & Industry (SAARC CCI) serves as apex organization of South Asian Association for Regional Cooperation, mandated to promote economic cooperation in the region.

The year 2014 will be a landmark in the history of SAARC CCI, bringing in its fold the commencement of SAARC CCI Headquarters Building Project to further strengthen and upgrade its permanent Headquarters at Islamabad—the capital city of Pakistan. The project is supported by all National Chambers of South Asia region and boasts of excellent contribution made by corporate houses from across South Asia particularly from Pakistan, Bangladesh and India and from other countries.

After accomplishment of pre-construction phase, this architectural masterpiece of the 21st century is ready for construction at its location Plot No. 26, Mauve Area, G-10/4, Islamabad. The project is well equipped of Energy efficient systems, spaces, security and safety features and have been well planned to execute the start of construction.

Mandated by SAARC CCI Building Trust, the leadership of FPCCI, Mr. Tariq Saeed, founder and former President SAARC CCI and Mr. Iftikhar Ali Malik, Vice President of SAARC CCI, is making earnest endeavours to accomplish this task.

**Salient Features of the Building**

- The building will provide state of the art facilities, having central air-conditioning and heating system
- The structure will be basements+Ground+Mezzanine+1st Floor to 9th Floor for office use
- 9th Floor will have an auditorium with seating capacity of 256 participants and conference rooms
- It is located at a central and ideal place of Islamabad surrounded by many important government and on the way to future Islamabad airport
- The building will be RCC frame building.
- The size of the building is approximately 160ftx70ft, having covered area of about 1,60,000 sq. ft.
- The maximum grid/column spacing is 25ftx24ft. The loading on columns will be in the range of 2000-2400 Kips.
- The maximum height of the building is about 128 feet above natural ground level.
- World class parking facilities will be available.

This project offers tremendous opportunities for offices on rental for multinational, Banks, Insurance companies, corporate house and members of SAARC CCI to wish to establish their offices in this magnificent building.

SAARC CCI welcomes any offer regarding the completion of the project from any interested organization based mutual consent. The interested parties may contact Mr. Iftikhar Ali Malik, Vice President SAARC CCI or Mr. Iqbal Tabish, Secretary General, SAARC CCI at our official address and contact Numbers.