Panel Discussion

Trade Corridors and Regional Connectivity in South Asia

November 13, 2013, Islamabad, Pakistan

SAARC CHAMBER OF COMMERCE AND INDUSTRY

In partnership with:

Friedrich Naumann STIFTUNG FÜR DIE FREIHEIT
Mr. Iftikhar Ali Malik, Vice President SAARC CCI in his welcome address highlighted the importance of integration amongst the SAARC and expressed that the region had abundant potential for improving cross border trade and investment. He argued that for the growth of the region, the member states could not be able to attain high level of intra-regional trade, making it both the most populated region of the world, home to well over one fifth of the world's population, and the lowest as compared with other regional blocs. However, the region was the least integrated in the world, with the intraregional trade in SAARC only 5% of their total trade and contributed less than 2% in global economy. He urged for a hassle-free trade to create strong business linkages amongst the entrepreneurs of the region of South Asia. He informed the participants that South Asia covers about 4.48 million km² (1.7 million mi²) area, which is 10% of the total land area of the Asian continent or 2.4% of the world's land surface, was inhabited by 1.9 billion people (approximately 500 million) of the world's population lives on less than $1.25 a day is engaged in a long and slow process of economic growth, experiencing an annual average of 4.5% economic growth rate in the last 2 decades. Since the dawn of 21st century, although, the region of South Asia has demonstrated strong economic growth rates higher than global average growth rates, the fact remains that 40% of the region's population, which is the biggest of any region in the world, still suffers from extreme poverty. The masses could not reap benefits out of this growth, and while the region is becoming more integrated with international markets, the regional blocs are still not making full use of the benefits of growth to larger segments of the population.

Mr. Haroon Sharif, advisor to the Prime Minister of Pakistan, argued that Asia was emerging as a significant economic bloc, and Asia was considered as the engine of global growth. He expressed that building better connectivity and its impact on trade and development in the SAARC countries was a topic of great concern. He suggested that external trade reforms will have to be matched with domestic economic and governance reforms (Competition, Property Rights, Contract Enforcement) to reap out benefits from SAFTA, citing the success of EU, NAFTA, COMESA, OECD and such other regional economic groupings as the effective tool in addressing different crises. During the interactive session, the audience was given the opportunity to pose questions to the panelists in an affective manner.

The program was commenced with the recitation of holy Quran. In the introductory remarks, Mr. M. Iqbal Tabish, Secretary General, SAARC CCI highlighted the role of the Chamber's to encourage Trade, Service, Industry, Small & Medium Enterprise, Agriculture, Intra-Regional through strong business linkages amongst the participants that South Asia had possessed enriched and fertile land tracts but it was only 7% of the world's forest area, and the region's resources, both human and natural and the country's development was still constrained by low levels of human and physical capital accumulation. During the panel discussions on ‘Trade Links and Prosperity – Connectivity and Regional Integration in South Asia’ and ‘Trade Corridors and Regional Connectivity in South Asia’ at Islamabad on November 13, 2013, the participants discussed the various challenges and to ensure sustainable, there was dire need to restructure the current economic framework to provide a suitable environment for private sector development, and to encourage and facilitate the economic activities of the region. The panelists agreed that to create an environment suitable for economic activities of the region, it was vital to make necessary policy changes in the region. To achieve this goal, the panelists suggested a cargo corridor, trans-Asia railway network should be established in order to reduce the cost of doing business in the region. They regarded regional cooperation as an effective tool in addressing different crises. The audience was given the opportunity to pose questions to the panelists in an affective manner.
Since the dawn of 21st century, although, the region of South Asia has demonstrated strong economic growth rates higher than global average growth rates, the fact remains that 40% (approximately 500 million) of the world’s population lives on less than $1.25 a day is concentrated in the region. It clearly reflects that the masses could not reap benefits out of this robust growth rather it was badly suffered from unexpected rise in inflation in spite of increase in their corresponding incomes. A priority for the region would therefore be the transformation of the benefits of growth to larger segments of the population. Given the location of the lagging areas, improved regional economic integration is one way to achieve envisioned targets. Evidence shows that poverty reduction in these areas is impeded by the lack of exposure to international markets. Similarly, for inclusive growth, sustainable regional integration mechanism would thus be required for prosperous South Asia.

In view of this backdrop, the SAARC Chamber of Commerce and Industry (CCI) in collaboration with the Federation of Pakistan Chamber of Commerce and Industry (FPCCI) and in partnership with Friedrich Naumann Foundation (FNF) organized one day panel discussion on “Trade Corridors and Regional Connectivity in South Asia” at Islamabad on November 13, 2013. The prime objective of the discussion was to highlight the importance of regional integration and connectivity and it’s impact on trade and development in the SAARC countries.
Mr. Iftikhar Ali Malik, Vice President SAARC CCI in his welcome address highlighted the importance of integration amongst the SAARC and expressed that the region had abundant resources, both human and natural and possessed enriched and fertile land tracts but people of the SAARC countries had been suffering due mainly to low integration among the regional countries.

He identified wide scope for close cooperation among the SAARC countries in various fields to help boost industrial competitiveness with a special focus on alleviating poverty in the region. He was of the opinion that the dream of South Asian Society could only be transformed into reality if the SAARC member countries shift their focused interest on South Asia and create an enabling environment for entrepreneurs of the region of South Asia. He informed the participants that South Asia covers about 4.48 million km² (1.7 million mi²) area, which is 10% of the Asian continent or 2.4% of the world's land surface, was home to well over one fifth of the world's population, making it both the most populated region of the world.

But unfortunately, the member states could not be able to attain high level of intra-regional trade and investment despite regional proximity. The intra-regional trade in SAARC was only 5% of their total trade and contributed less than 2% in global economy. He urged for hassle free trade through existing and potential corridors and demanded for pro-regional approaches to improve cross border trade and investment.

The program was commenced with the recitation of holly Quran. In the introductory remarks Mr. M. Iqbal Tabish, Secretary General, SAARC CCI highlighted the role of Chamber’s to encourage Trade, Service, Industry, Small & Medium Enterprise, Agriculture, Intra-Regional through creating strong business linkages amongst the entrepreneurs of the region of South Asia. He informed the participants that South Asia covers about 4.48 million km² (1.7 million mi²) area, which is 10% of the Asian continent or 2.4% of the world's land surface, was home to well over one fifth of the world's population, making it both the most populated region of the world.

But unfortunately, the member states could not be able to attain high level of intra-regional trade and investment despite regional proximity. The intra-regional trade in SAARC was only 5% of their total trade and contributed less than 2% in global economy. He urged for hassle free trade through existing and potential corridors and demanded for pro-regional approaches to improve cross border trade and investment.

He identified wide scope for close cooperation among the SAARC countries in various fields to help boost industrial competitiveness with a special focus on alleviating poverty in the region. He was of the opinion that the dream of South Asian Society could only be transformed into reality if the SAARC member countries shift their focused interest on South Asia and create
Trade Corridors and Regional Connectivity in South Asia

Mr. Iftikhar Ali Malik, Vice President SAARC CCI in his welcome address highlighted the need to improve cross-border trade and investment.

Trade through existing and potential corridors and demanded for pro-regional approaches to achieve high level of intra-regional trade despite regional proximity. The intra-regional trade in SAARC was only 5% of total trade in the region, making it both the most populated region of the world and home to well over one-fifth of the world's population.

As a result of low integration among the South-West Asia (SSWA) countries, which was extremely poor in region resulting in intraregional trade being the lowest as compared with other regional blocs. The region was the least integrated in the world despite having great potential for connectivity through all channels like air, sea, road and rail.

In view of this backdrop, the SAARC Chamber of Commerce and Industry (CCI) in collaboration with the Friedrich Naumann Foundation (FNF) organized one-day panel discussion on “Trade Corridors and Regional Connectivity in South Asia” at Islamabad on November 13, 2013. The prime objective of the discussion was to highlight the importance of regional integration and economic cooperation, which so far has not been realized truly.

Mr. Haroon Sharif, advisor to the World Bank Group on South Asia, expressed that building better infrastructure was important for the region to boost intra-trade. He argued that Asia was emerging as a new center of gravity but some SAR countries were still highly exposed to the U.S. and Eurozone. South Asia has begun to trade more with the world but not with each other.

He identified the political, technical and operational barriers in trade amongst the member countries. Amongst these the most significant barriers was lack of political will and urged for trust building while demonstrating the benefits as the way forward for deeper regional integration.

Mr. Ali Salman, Executive Director, Prime Institute-Lahore, described that a minimum consumer welfare gain of approximately US$ 2 billion a year was possible by way of savings on aggregate consumer expenditure on imported products in selected categories by enhanced trade within South Asia. He suggested that external trade reforms will have to be matched with domestic economic and governance reforms (Competition, Property Rights, Contract Enforcement) to maximize gains.

Dr. Usman Mustafa, Chief, Project Evaluation and Training Division, Pakistan Institute of Development Economics, Islamabad made presentation on “Potential and Prospects of Strengthening Trade Corridors and Regional Connectivity in South and synergies for regional cooperation, which so far has not been realized truly.

Dr. Usman Mustafa, Chief, Project Evaluation and Training Division, Pakistan Institute of Development Economics, Islamabad made presentation on “Potential and Prospects of Strengthening Trade Corridors and Regional Connectivity in South and...
South-West Asia (SSWA). He described that South Asia had experienced unprecedented growth, averaging close to 6 per cent per annum since the 1990s without benefitting to grass route. He was of the opinion that in order to address the challenges and to ensure sustainability, there was dire need to develop and strengthen integration amongst the SSWA countries, which was extremely poor in region resulting intraregional trade the lowest as compared with other regional blocs. The region was the least integrated in the world despite having great potential for connectivity through all channels like air, sea, road and rail.

He suggested that a cargo corridor, trans-Asia railway network should be established in order to reduce the cost of doing business in the region. He regarded regional cooperation as an effective tool in addressing different crises. During the interactive session, the audience was responded by the panelist in affectionate manner.

While concluding the program and offering vote of thanks, Mr. Iqbal Tabish, Secretary General, SAARC CCI emphasized for providing business enabling environment and efficient and mechanical TF Mechanism to reap out benefits from SAFTA, citing the success of EU, NAFTA, COMESA, OECD and such other regional economic groupings as the result of effective implementation of TF measures. He added that “Effective TF mechanism equipped with supply chain management could not only engage MSMEs in economic circle of their respective countries but also contribute towards equitable and sustainable development in South Asia”.

<table>
<thead>
<tr>
<th>Country</th>
<th>Time for Export (hrs)</th>
<th>Time for Import (hrs)</th>
<th>Time for Reimbursement (hrs)</th>
<th>Documents for Export (No.)</th>
<th>Documents for Import (No.)</th>
<th>Documents for Reimbursement (No.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>17</td>
<td>15</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>India</td>
<td>40</td>
<td>32</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Maldives</td>
<td>29</td>
<td>22</td>
<td>13</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Nepal</td>
<td>38</td>
<td>26</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Pakistan</td>
<td>39</td>
<td>25</td>
<td>10</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>27</td>
<td>18</td>
<td>12</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>
Prospects of Strengthening Trade Corridors and Regional Connectivity in South Asia

Anita Mitra, President, SESC and Dr. Usman Mustafa, Chief, Project Management, Pakistan Institute of Development Economics, Islamabad, made presentations on the potential and importance of regional integration in the region at the end of the program.

Mr. Ali Salman, Executive Director, Prime Institute-Lahore, described that a minimum consumer welfare gain of approximately US$ 2 billion a year was possible by way of savings on aggregate consumer expenditure on imported products in selected categories by enhanced trade within South Asia. He suggested that external trade reforms will have to be matched with domestic economic and governance reforms (Competition, Property Rights, Contract Enforcement) to maximize gains.

Evidence shows that poverty reduction in these areas is impeded by the lack of exposure to international markets. Similarly, for inclusive growth, sustainable regional integration and its impact on trade and development in the SAARC countries.

Dr. Usman Mustafa, Chief, Project Management, Pakistan Institute of Development Economics, Islamabad made a presentation on “Potential and Importance of Regional Integration”.

According to the World Bank Group on South Asia, the region had abundant potential for connectivity through all channels like air, sea, road and railway. It possessed enriched and fertile land tracts but was the lowest as compared with other regional blocs. The region was the least integrated in the world despite having great potential for connectivity through all channels like air, sea, road and railway.

Amongst these the most significant barriers was lack of political will and urged for regional cooperation, which so far had not been realized truly.

He identified wide scope for close cooperation amongst the SAARC countries in various fields to develop and strengthen integration. He informed the participants that South Asia covers about 4.48 million km² (1.7 million mi²) area, which is 10% of the world. Home to well over one fifth of the world’s population, it is inhabited by 1.7 billion people comprising approximately 500 million of the world’s population lives on less than $1.25 a day.

The regional countries were suffering due mainly to low integration among the SSWA countries, which was extremely poor in region resulting in intraregional trade being only 5% of the region’s total trade.

The intra-regional trade in SAARC was only 5% of the region’s total trade but unfortunately, the member states could not be able to attain high level of intra-regional trade despite regional proximity.

Mr. Haroon Sharif, advisor to the Prime Minister of Pakistan, said, “Easing the regional trade and investment is a critical issue in our national interest. The region is home to a large number of the world’s population. To make the region competitive in the global market, we need to develop regional trade and investment in a mutually beneficial manner.”

He identified the political, technical and operational barriers in trade amongst the member states. Amongst these the most significant barriers was lack of political will and urged for regional cooperation, which so far had not been realized truly.

He suggested that a cargo corridor, trans-Asia railway network should be established in order to reduce the cost of doing business in the region. He regarded regional cooperation as an effective tool in addressing different crises. During the interactive session, the audience was responding by the panelist in an affective manner.

He added that “Effective TF mechanism would thus be required for prosperous South Asia. Effective TF mechanism equipped with supply chain management could not only engage entrepreneurs of the region of South Asia. He informed the participants that South Asia had created strong business linkages amongst the regional countries”.

The program was commenced with the recitation of holy Quran. While concluding the program and offering vote of thanks, Mr. Iqbal Tabish, Secretary General, SAARC CCI highlighted the role of the Chamber’s to encourage Trade, Service, Industry, Small & Medium Enterprise, Agriculture, Intra-Regional through synergies for regional sustainability, there was dire need to create trust building while demonstrating the benefits as the way forward for deeper regional integration.
Permanent Headquarters,
House 397, Street 64, I-8-3, Islamabad-Pakistan
Tel: 0092-51-4860612-3, Fax: 0092-51-8316024,
E-mail: info@saarcchamber.org,
Website: www.saarcchamber.org