

**1<sup>st</sup> Annual Meeting of the  
South Asia Business Forum  
August 12-13, 2002**

**PRESS STATEMENT**

August 13, 2002

1. The first Annual Meeting of the **South Asia Business Forum (SABF)**, set up by the apex Chambers of Bangladesh, Bhutan, India and Nepal in association with the Asian Development Bank, brought together senior policy makers and business leaders from the four countries to chart a strategy for enhancing private sector co-operation in the region. The SABF Annual Meeting reiterated the strong desire of the business leaders to promote a much higher level of sub-regional economic co-operation, and there was unanimity that a quantum jump in economic growth in the region would be highly feasible if the four countries joined together in its fight against poverty.

2. India's Commerce Secretary, **Mr Dipak Chatterjee**, along with his counterparts, **Mr Suhel Ahmed Choudhury**, Commerce Secretary, Bangladesh, **Mr Dasho Karma Dorjee**, Trade and Industry Secretary, Bhutan, and **Mr Bhanu Prasad Acharya**, Secretary, Commerce, Industry and Civil Supplies, addressed the large gathering of business delegates from the four countries and conveyed the support of their respective Governments. While acknowledging the immense potential of economic co-operation in the region and the synergies that could be exploited to speed up growth, the Commerce Secretaries urged the private sector to develop a consensus on measures that would accelerate the growth of trade and investment in the region.

3. The President of FICCI, **Mr R S Lodha**, and his colleagues from Bangladesh, **Mr Yusuf Abdullah Harun**, President, FBCCI, **Mr Bap Kinga**, Vice-President, BCCI, Bhutan, **Mr Binod Shrestha**, Vice-President, FNCCI, Nepal and **Mr Aditya V Lodha**, President, ICC, Kolkata, the main partners of the SABF, reiterated the desire of the business leaders across the borders to enhance the level of trade and investment by bringing down the non-tariff barriers that constrained the achievement of a higher level of economic co-operation in the region.

4. Asian Development Bank has played a leading role in promoting several successful Regional Co-operation arrangements in Asia, such as Greater Mekong,

which could be gainfully replicated in the SASEC region. **Dr. Sultan Hafeez Rahman**, Director, South Asia Operations Coordination Division, ADB, urged the policy makers and the business leaders of the four countries to work out an action plan that would accelerate economic growth and alleviate poverty in the SASEC region. Dr. Rahman said that regional co-operation is a win-win situation for the member nations and will yield significant benefits if the political leadership can take concrete steps to join hands in furthering this initiative. The SABF Annual Meeting also strongly highlighted the fact that lack of political will to achieve a higher level of regional co-operation has significantly constrained the economic potential of the region, and efforts will have to be made by SABF to present the larger picture of potential economic benefits which is today submerged under short-sighted political rhetoric.

5. SABF is one of the activities being promoted under the **South Asia Sub-Regional Economic Co-operation (SASEC)** program of the Asian Development Bank. **Dr. Sudipto Mundle**, Chief Economist for India, pointed out that the SASEC region has tremendous competitive advantage because of several factors. These include a large, low-cost skilled workforce; large reserves of coal, oil, gas and hydropower; a large granary in the rice fields of the Ganga-Meghna-Brahmaputra basin; an excellent network of ports, and one of the world's greatest biodiversity reserves ranging from the Himalayas and vast riverine plains to the world's largest mangrove forest in the Sunderbans. He also explained that other activities under the program include transport infrastructure, energy, tourism, and environment protection. He described a number of specific investment projects which are now being discussed in each of these sectors.

6. The business fraternity of the region discussed the possibility of a **SASEC Free Trade Zone** that will lead the process of regional co-operation. The imperative need to **harmonize customs documentation and procedures** was also discussed as this could bring about a ten percent reduction in transaction costs. The facilitation of an **integrated transport network** was emphasized so that cost efficiencies in transport of cargo can translate into competitiveness for the products of the region. Dr Sushil Khanna, IIM, Kolkata, Dr. Debapriya Bhattacharya, Centre for Policy Dialogue, Bangladesh and Dr Binod Karmacharya, ADB Nepal addressed the Annual Meeting on developments in the trade and investment policy regime. It was pointed out that the lack of unity amongst the nations in the sub-region also weakened our stand at the WTO

negotiations, and regional co-operation could actually enhance the gains that the region could get from developed nations in WTO negotiations.

7. Special sessions at the SABF Annual Meeting addressed specific regional cooperation issues in sectors such as **Energy, Transport and Tourism**. Business leaders and experts like Prof Mahendra Lama, South Asian Studies Division, JNU pointed out that the region was a **powerhouse of energy** with large resources of hydropower, oil and gas. The possibility of **trading in energy** was also discussed, given the capacity of generating significant power in the region by utilizing hydel and gas based resources. The need to improve distribution infrastructure for power evacuation through a **cross border regional grid** was also highlighted. Mr P K Malik of the Asian Institute of Transport pointed out the transport networks that could be developed to improve cost-efficiencies in the region. The importance of **Transit Rights** for sub-regional co-operation, was also discussed. This is especially important for land locked countries like Bhutan and Nepal. India will also benefit from transit rights to its Northeastern states through Bangladesh. **Developing integrated tourist networks** and common marketing will help in attracting more tourists to the region, and could become a major foreign exchange earner. Given the existence of major tourist destinations, it will be important to work on an integrated plan to develop circuits, infrastructure and joint marketing, experts felt. It was also felt that SASEC countries could consider common visas to facilitate tourism.

8. A special session to review trade and investment policies in the subregion emphasized critical issues that are imperative to enhance regional cooperation. It was unanimously agreed that harmonization of customs documentation and procedures needed topmost priority. Uniform banking facilities to enable issuance of LCs as well as trade facilitation are urgent. The SABF Trade and Investment Policy Review Council emphasized that a SASEC Free Trade Zone needs to be promoted, non-tariff barriers identified and eliminated. The Council observed that uniform guidelines on investment promotion and protection need to be worked out to enable National Treatment in host countries, as applicable under WTO. The Council also underscored the importance of putting in place a Common Alternative Dispute Resolution Network to adjudicate and settle commercial disputes. The Council suggested that Task Forces be set up to look

into specific issues that need priority attention, and that SABF should be empowered to recommend business visas which should be issued on a fast track priority.

9. The Working Group on Trade, Investment and Private Sector Co-operation of SASEC, under which the SABF has been launched, will hold its Finalization meeting today to review progress on the SABF six point action plan for enhancing private sector economic co-operation. These include (i) implementation of the SABF organization structure, (ii) establishment of Business Facilitation Cells in partner Chambers in the four countries, (iii) SABF Business Facilitation Website [www.southasiabusiness.org](http://www.southasiabusiness.org), (iv) SABF Dissemination program, (v) SABF Trade and Investment Policy Review Council, and (vi) sector specific studies on cross border business cooperation opportunities in Information Technology, Audio Visual Entertainment Industry, Tourism, Agro Processing Industry and Development of Management Training for the Private Sector.