

South Asia Subregional Economic Cooperation (SASEC)
RETA 5936: Identification and Prioritization of Subregional Projects in South Asia

**Second Meeting of the Trade, Investment and Private Sector Cooperation
Working Group
The Oberoi Hotel, New Delhi, India
13 August 2002**

SUMMARY OF PROCEEDINGS

Introduction

1. The Second Meeting of the Trade, Investment and Private Sector Cooperation Working Group (TIPWG) under *RETA 5936: Identification and Prioritization of Subregional Projects in South Asia* was held in The Oberoi Hotel, New Delhi, India on 13 August 2002. The Meeting agenda is attached as Appendix 1.

2. The TIPWG meeting immediately followed the First Annual Meeting of the South Asia Business Forum (SABF) held on 12-13 August. The participants at the meeting included the Standing and/ or Alternate members of TIPWG from participating countries, other Government officials, and representatives of ADB. Representatives of Indian Chambers of Commerce attended the meeting. The list of participants is attached as Appendix 2.

3. The primary objective of the meeting was to bring together the TIPWG members from the participating countries to deliberate on issues relating to the TIPWG work program including initiation of the SABF

4. In his remarks on behalf of the Commerce Secretary of India and TIPWG Co-chair, Mr. S.S. Kapur, Joint Secretary, Ministry of Commerce, Government of India and Alternate TIPWG Co-Chair stated that India welcomed in principle the establishment of a Free Trade Zone in the region. He also stated that innovative ideas were needed to improve trade flows and attract investments into the region. Mr. Kapur cited the significant volume of informal trade that is taking place between the countries of Bangladesh, Bhutan, India and Nepal (BBIN) and said this reflected the comparative advantages of these countries. Efforts needed to be made to formalize this trade. Mr. Lodha, in his opening remarks, reported on the progress achieved in the establishment of the South Asia Business Forum (SABF), particularly the inauguration of the Business Facilitation Cells in member countries, the establishment of a web-site and initiation of a SABF information dissemination program in participating countries, including the publication of a brochure about SABF. Mr. Sultan H Rahman, Director, SAOC, Asian Development Bank, in his opening remarks, noted that most of the activities so far undertaken by TIPWG had focussed on cooperation among the private sector of the participating countries. He suggested that Government-to-Government activities should also be initiated.

Confirmation of Proceedings of the Inception Meeting of the Trade, Investment and Private Sector Cooperation Working Group, Kolkata, India, 21 December 2001

5. The Meeting confirmed the Proceedings of the Inception Meeting of the TIPWG, which is attached as Appendix 3.

SABF Governing Council and Secretariat

6. The Meeting discussed issues with regard to the operation of the SABF and the financing of its activities. The structure of the Governing Council, which would be the Executive body of the SABF, was deliberated upon. It was decided that the Council would only comprise of private sector representatives. While broadly agreeing on the nature of its composition which is at Appendix 4, the Working Group members left it to the Apex Chambers to decide the exact number of representatives (i.e. two or three) from each of the Partner Chambers. The Apex Chambers will nominate the representatives with one of the representatives serving a three-year period and the other/ others would be on an ex-officio capacity. With regard to representation of Regional Chambers in the Governing Council, the Meeting agreed to refer the matter to the Governing Council of SABF for further discussions. However, it was further agreed that each country will have equal representation.

7. On the Chairmanship of the Governing Council, the Meeting agreed that the position be rotated among the participating countries but that the mechanics for effecting this rotation be further discussed by the Governing Council.

8. With regard to the Secretariat for the SABF, the Meeting also agreed to have the matter discussed by the Governing Council. The Meeting further agreed that the present arrangement continue pending the decision of the Governing Council on this issue.

Financing and Activities of SABF Business Facilitation Cells

9. On the matter of financing of SABF activities, it was proposed that ADB should provide financial support. However, given the various constraints, the Meeting agreed that, in principle, the activities of the SABF should be self-financed. The Meeting also agreed to have this matter discussed further by the Governing Council. The Federation of Bangladesh Chamber of Commerce and Industry (FBCCI) circulated a list of services, to be provided by the Business Facilitation Cells, for discussion by the Governing Council. Need for ADB assistance towards “capacity building” of these Business facilitation cells was raised by the FNCCI.

Procedures for Preparation of SABF Policy Review Council Report

10. The Working Group noted that this agenda item could be discussed by the Governing Council of the SABF.

Arrangements and Financing of Sector Specific Studies

11. The Working Group was informed that ADB had initiated steps for processing the sector studies requested at the Inception Meeting of TIPWG, namely, (i) Regional Private Sector Cooperation for Human Resource Development in the SASEC Region; (ii) Regional Private Sector Cooperation in Agro-Processing in the SASEC Region; (iii) Regional Private Sector Cooperation in the Audio Visual Entertainment Industry in the SASEC Region; (iv) Regional Private Sector Cooperation in Information Technology in the SASEC Region; and (v) Regional Private Sector Cooperation in Tourism in the SASEC Region.

12. The Working Group members expressed appreciation for ADB's support and hoped that ADB could continue supporting other studies that may be required to help promote economic cooperation among the participating countries. In this regard, the Working Group requested ADB to undertake, on a priority basis, a comprehensive study on trade facilitation in the subregion. The study will examine measures that would encourage intra-regional trade and facilitate investments, including identification of Non - Tariff Barriers and specific recommendations on how to facilitate trade and investments in the sub-region. ADB reiterated its commitment to nurturing this initiative towards cooperation in the sub region in its role as a facilitator rather than as a driver. ADB responded that it would endeavor to provide support for the trade facilitation study, given the priority attached to it by the participating countries.

Networking Between SABF Cells for SABF Website

13. The Meeting noted that a comprehensive website, www.southasianbusiness.org, has been launched to provide information and enable better dissemination of critical inputs for furthering trade and investment. The Meeting noted that it is important that each member country contributes to the website effectively and requested that the SABF Governing Council follow up on this matter.

Dissemination Programme on SABF by APEX Chambers

14. The Working Group stressed the need for SABF to carry out Dissemination Programs in the member countries to highlight the enormous benefits that regional cooperation can bring, and in the process build a strong constituency for the SABF. The Meeting requested the SABF Governing Council to discuss the modalities for the conduct of these Dissemination Programs.

Steps for Preparation of Next SABF at the ADB Annual General Meeting in May 2003

15. The Working Group agreed to request ADB for a slot for the SABF at the Annual General Meeting of ADB scheduled in May 2003 in Istanbul, Turkey. In this regard, the Chairman of SABF will write the letter of request to ADB, furnishing copies of the letter to the SABF Partner Chambers and the relevant Government agencies.

Other Matters

16. The Working Group agreed to hold the next TIPWG Meeting in Dhaka. The Working Group also agreed that the Agenda for the next meeting would be circulated well in advance. The Working Group noted that the Governing Council of SABF would meet at the office of FICCI after the TIPWG Meeting, since all Apex Chamber Partners' representatives were already present.

Summing Up of Recommendations by the Chair

17. It was hoped that the partner chambers would take up the initiative of carrying forward the momentum generated by the first Annual meeting of the SABF and move effectively towards the objective of sub-regional economic cooperation in the region.

