

TWELFTH INFORMAL MEETING OF SAARC FINANCE MINISTERS, MANILA, 04 MAY 2018

STATEMENT BY H. E. MR. AMJAD HUSSAIN B. SIAL, SECRETARY GENERAL OF SAARC

Honourable Chairperson,
Honourable Ministers and Heads of Delegation,
Vice President of ADB,
Distinguished Delegates,

I wish to express our gratitude to the Honourable Ministers and Heads of Delegation for making it convenient for themselves to participate in this Meeting.

I wish to thank the Honourable Chairperson for giving me an opportunity to make a statement on the progress in transition to the South Asian Economic Union (SAEU), which is the theme of this Informal Meeting.

I wish to congratulate the Honourable Chairperson for his thought-provoking Opening Statement, which has set the tone of deliberations of this meeting. With the Honourable Chairperson's vast knowledge and experience, I am confident of a successful outcome of this meeting.

I thank the Vice President of ADB for being with us today and his very useful remarks. The roadmap for collaboration between SAARC and ADB is very encouraging.

In conformity with the decision of the last Informal Meeting, we welcome the presence of the Vice President of ADB. I am sure that the expertise and experience of the ADB delegation will contribute to the deliberations of this meeting.

I wish to thank ADB for its continued support in facilitating the informal meetings of SAARC Finance Ministers since July 2006, and also for providing a Consultant in Kathmandu, which is a very useful arrangement.

ADB has been an active partner of SAARC. Several initiatives taken since the signing of an MoU in 2004 have been fruitful, paving the way for strengthened collaboration among the Member States of SAARC.

In order to continue SAARC's engagement with ADB, I have recently had consultations with senior officials of ADB. I am glad to report that ADB has broadly agreed to provide support to SAARC, subject to availability of technical assistance resources, in (i) economic integration studies; (ii) infrastructure; (iii) connectivity; and (iv) energy. We look forward to making substantive progress in these important areas of regional cooperation.

Honourable Chairperson,

As the Hon'ble Ministers are aware, during successive SAARC Summits, our leaders have reiterated the visionary goal of SAEU. During the Eighteenth Summit in Kathmandu in November 2014, our leaders pronounced a clear roadmap in achieving this goal in a phased and planned manner through a Free Trade Area, a Customs Union, a Common Market, and a Common Economic and Monetary Union.

It is a matter of satisfaction that trade facilitation measures under SAFTA are improving since the launching of the Trade Liberalisation Programme (TLP) in July 2006. As per the agreed TLP under SAFTA, since 1 January 2016, customs tariff in all Member States is expected to be within the range of 0 to 5 % in respect of products outside the Sensitive Lists.

In order to further accelerate trade under SAFTA, Bhutan, India, Maldives and Pakistan have come up with a proposal of fast-track TLP through which they intend to reduce their tariff on all products to 0 to 5% and bring down the number of products in their Sensitive Lists to 100, by 2020. Afghanistan has agreed to do so by 2030 and keep 235 products in their Sensitive Lists. Similarly, Bangladesh and Nepal have provisionally agreed to do so by 2030, while keeping upto 450 and 500 products, respectively, in their Sensitive Lists.

We hope the remaining one country will soon come up with its position on fast track liberalization. Further action on fast track liberalization programme would be taken after receipt of its response.

Similarly, the SAARC Agreement on Trade in Services (SATIS), which entered into force on 29 November 2012, could not make further progress for want of Final Offer Lists under SATIS from one Member State. Trade in services will take place after receipt of confirmation from the remaining Member State, which may be done at the earliest.

We have not been able to convene the Tenth Meeting of the SAFTA Ministerial Council (SMC) since July 2014. It is very important that SMC meets regularly for accelerating free trade in goods and services. After expression of inability by both Afghanistan and the Maldives to host the Council's Tenth Meeting, we have invited any other Member State to host it. Alternatively, we are pleased to offer to host the meeting at the SAARC Secretariat.

Although the formal mechanisms of SAARC like SMC and SAFTA Committee of Experts (SCOE) have not met since July 2014, it is a matter of satisfaction that with the financial and technical assistance of ADB, the representatives of Ministries of Commerce and Finance have held three meetings in 2015, 2016 and 2017 to prioritize the recommendations of the SAARC-ADB Study on Regional Economic Integration (Phase-II) and review the progress in their implementation. I am happy to report that ADB has agreed to support one more Special Meeting to review the status of implementation of the prioritized recommendations of the Study.

Honourable Chairperson,

The intra-SAARC trade is still far below the true potential and our expectation. It is only about 5% of the cumulative trade of SAARC. Speedy movement towards the goal of SAEU will definitely promote economic relations. SAEU will facilitate movement of capital, goods, services, people and labour across the region. As envisioned by our leaders, this objective will be achieved in phases. This would also require firm commitments from each of the Member States and adherence to mutually agreed timelines.

In order to achieve deeper integration and to move towards the vision of SAEU, we have to focus on bringing down tariffs; eliminating non-tariff barriers (NTBs) and para-tariff barriers (PTBs); reducing sensitive lists for enhanced intra-regional trade under SAFTA; enhancing energy cooperation; adopting trade facilitation measures; implementing SATIS; improving regional connectivity in rail, road, air and maritime sectors; finalizing the SAARC Agreement on Promotion

and Protection of Investments; widening the scope of the SAARC Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters; and harmonizing customs procedures and documentation to facilitate movement of goods in the region.

I firmly believe that people-to-people contacts are essential for effective regional integration and connectivity is the key to achieve that. In this connection, I am pleased to report that we are working for early conclusion of the SAARC Motor Vehicles Agreement and SAARC Railways Agreement. The SAARC Air Services Agreement is also under consideration of the Member States. The people, however, will be able to benefit from these Agreements only when we ease visa and immigration regimes and develop infrastructure.

I am happy to inform this Meeting that the Credit Policy and Policy Guidelines for Economic and Infrastructure Windows of the SAARC Development Fund have recently been approved by the SDF Board. The Board has also approved, in principle, two projects under the Infrastructure Window of SDF. One is 900 MW Hydropower Project in India and Nepal, and the second is 13.2 MW Waste to Energy Project to be implemented in Sri Lanka in collaboration with India. The operationalization of Economic and Infrastructure Windows will certainly give a boost to project-based cooperation in these crucial areas and thus facilitate speedy progress toward SAEU.

Honourable Chairperson,

In concluding my remarks, I wish to once again thank ADB for facilitating this meeting and excellent arrangements made for it.

I also wish the Hon. Ministers fruitful deliberations and a pleasant and memorable stay in Manila.

I thank you.
