

Honourable Chair, Mr. Pradeep Kumar Gyawali, Minister of Foreign Affairs of Nepal,

Honourable Ministers / Heads of Delegation,

**Vice President of Asian Development Bank, Mr. Shixin Chen,
Distinguished Delegates,**

I thank the Hon'ble Chair for giving me the honour of addressing this august forum of SAARC Finance Ministers.

We are thankful to the Hon'ble Chair for his insightful Opening Statement. Sir, we are convinced of a successful outcome of this Meeting under your able guidance.

We convey sincere gratitude to the Hon'ble Finance Ministers and Heads of Delegation for their valuable presence in this Meeting.

We congratulate Mr. Shixin Chen, Vice President of the Asian Development Bank for his perceptive remarks. We also hope to benefit from the presentation to be made by Mr. Yasuyuki Sawada, Chief Economist of the ADB on the important theme of this Meeting, "COVID - 19 and South Asian Economies".

I wish to thank the ADB for its continued support in facilitating informal meetings of the SAARC Finance Ministers since the Year 2006. Since the signing of the MoU in 2004, ADB has been an active partner of SAARC and has provided support in many useful projects and studies, some of which are underway. We look forward to further strengthen our collaboration with ADB in areas of critical interest at this challenging time in the Region.

I wish to mention that we have recently received from the ADB, the Technical Assistance programme for 2020 to 2022 for SAARC, which has already been shared with the Member States for their concurrence. We are thankful to the ADB for its offer of Technical Assistance.

Excellencies,

As the Hon'ble Ministers are aware, the core objective of SAARC, as enshrined in its Charter, is to promote the welfare of the peoples of South Asia and to improve their quality of life through accelerated economic growth in the region. SAARC Leaders have, accordingly, reiterated their commitment to achieving the visionary goal of the South Asian Economic Union in a phased and planned manner through the creation of a Free Trade Area, a Customs Union, a Common Market, and a Common Economic and Monetary Union.

However, the magnitude and enormity of adverse impacts of the global pandemic on human health and economies have posed a serious

threat to South Asia. It is predicted that all the Member States of SAARC will be affected in multiple ways and would face its worst economic performance in the last 40 years, with contractions. The theme “COVID-19 and South Asian Economies” of this Meeting is, therefore, is very important, relevant and timely in pursuit of collective actions with a view to mitigating and addressing the economic contractions.

With the slowing down of the global economy in the aftermath of the pandemic, the functioning of global supply chains has been disrupted. The massive shock of the pandemic and shutdown measures to contain it have resulted in a severe contraction worldwide. Going by the initial estimates of the World Bank, ADB and IMF, possible negative impacts of COVID-19 on global economic growth are actually very worrying, with far-reaching repercussions on growth, employment, and poverty alleviation efforts.

Excellencies,

Taking due cognizance of the pandemic’s both short term as well as long-term socio-economic impacts, at the initiative of the Hon’ble Prime Minister of India, the SAARC Leaders convened a Video Conference on 15 March 2020 to chart out a regional strategy to combat the further spread of the virus as well as to mitigate its after-effects. As an immediate response to address the adverse impacts of the pandemic, the SAARC Leaders responded very positively to the proposal of the Hon Prime

Minister of India to create a SAARC COVID-19 Emergency Fund to which all the countries have pledged their voluntary contributions. As a follow-up to the SAARC Leaders' Video Conference, the SAARC Health Ministers' Video Conference was held on 23 April 2020.

Apart from these two high-level meetings, senior trade and health officials from the SAARC countries have also met virtually in March and April this year, respectively. In addition, the Interim Unit of the SAARC Disaster Management Centre has set up a COVID-19 portal with daily coronavirus related updates from the South Asian countries.

Excellencies,

While case fatality in South Asia may be low for various reasons, the total number of people who have lost their employment due to COVID-19 is significantly large. This may have serious negative impacts on vulnerable groups, especially in view of the fact that South Asia is home to almost a quarter of humanity and one third of the global poor. There is, therefore, an urgent need to initiate appropriate measures to protect the most vulnerable sections of our peoples.

Many experts have pointed out that the pandemic has certainly the potential to change the functioning of the global economy in more fundamental ways than ever before. Studies, including the one by ADB, have indicated that health and economic crises across the globe, and especially in South Asia, have created both challenges and opportunities.

South Asia can benefit from the likely diversification of global supply chains, rapid digitization of their economies, higher allocations in health sectors and giving a boost to the pharmaceutical and services sectors, especially IT enabled ones and those in the area of new and innovative technologies. The South Asian countries have already made a good beginning by responding swiftly with sizable fiscal commitments and monetary support. Such efforts, however, would need to be sustained till the economies bounce back with growth.

Excellencies,

Since we are experiencing an unprecedented crisis posed by the pandemic in multiple ways, we need to institute a host of collective measures to overcome it. Deeper regional integration is, therefore, needed more than ever before, through integration in every sphere, including, of course, economy and finance.

Considering the low volume of intra-regional trade, and to ensure effective economic and financial recoveries across the region, it is necessary to work collectively to bring down tariffs; eliminate non-tariff barriers (NTBs) and para-tariff barriers (PTBs); reduce sensitive lists under SAFTA; enhance energy cooperation; adopt trade facilitation measures; implement SAARC Agreement in Trade in Services (SATIS); improve regional connectivity by rail, road, air and sea; finalize the SAARC Agreement on Promotion and Protection of Investments; widen

the scope of the SAARC Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters; and harmonize customs procedures and documentation to facilitate movement of goods and services across the region.

We remain hopeful that the Region would be able to fight the ongoing health crisis and economic recession as the SAARC Leaders have already shown the way and are confident that this Informal Meeting of the SAARC Finance Ministers will guide/demonstrate/lead the way forward to fight the economic recession in the region caused by the global pandemic.

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

I wish the Hon'ble Ministers fruitful deliberations.

I thank you.