



Report of the Seminar on

# Regional Connectivity in South Asia: Prospects for Cooperation in Transport & Communication

In Partnership with

Friedrich Naumann STIFTUNG **FÜR DIE FREIHEIT**

In Collaboration with



July 28, 2011, Colombo, Sri Lanka



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The SAARC CCI organized a Seminar on regional connectivity in South Asia in collaboration with FCCISL in Colombo, Sri Lanka on July 28, 2011. Titled as “Prospects for Cooperation in Transport & Communication” the Conference aimed at evolving ways and means for increased regional connectivity in South Asia with focus on prospects for cooperation in transport and communication.

It may be mentioned that over the last six years, the SAARC Leadership has emphatically endorsed the rationale and need for enhancing the Intra-regional Connectivity (IRC) in South Asia and the common position has been well articulated and amplified in the documents of Delhi and Colombo summits. The same position has also been endorsed by Asian Development Bank, World Bank, and also numerous think tanks in their various studies that regional connectivity is a prerequisite for economic growth of the region. Considering that



*Mr. Annisul Huq, President SAARC CCI, Professor G L Peiris, Honorable Minister of External Affairs, Government of Sri Lanka and Mr. Iftikhar Ali Malik, Vice President, SAARC CCI (Pakistan) at the lighting of Lamp ceremony.*

the issue of IRC has gained increasing importance in the backdrop of SAARC Council of Ministers declaration of the decade 2010-2020 as the ‘Decade for Intra-regional Connectivity in South Asia’, SAARC CCI in collaboration with national chambers/federations and FNST has been organizing series of conferences and events to deliberate on this issue in various forums. The instant event was convened on the theme of ‘Regional Connectivity in South Asia: Prospects for Cooperation in Transport and Communication’. The recommendations/policy suggestions worked out as a result of these deliberations of the conference would be forwarded to SAARC Secretariat for consideration of the leaders of South Asia.

The Conference was well attended by noted business personalities of South Asia. The inaugural session was chaired by Professor G L Peiris, Honorable Minister of External Affairs, Government of Sri Lanka. Mr. Annisul Huq, President of SAARC CCI was the keynote speaker in the inaugural session. The session was also addressed by Mr. Kumar Mallimaratchi, Acting

President, FCCISL and Mr. Iftikhar Ali Malik, Vice President SAARC CCI (Pakistan Chapter).



*Mr. Iqbal Tabish, Secretary General, SAARC CCI*

The proceedings of the Conference were moderated by SAARC CCI secretary General **Muhammed Iqbal Tabish**. Mr. Tabish, in his opening remarks, highlighted the importance of better transport and communication facilities towards development of intra regional connectivity. He lamented that despite the existence of basic infrastructure, the transport and communication system among South Asian countries remains fragmented and due to this the costs for poor connectivity are exceedingly high for even non-land-

locked countries. He therefore stressed for improved regional connectivity, particularly physical, economic and people to people connectivity. Not only road and railway corridors, inland waterway transport and aviation too offer prospects for better regional transport connectivity, he added. Tabish further said that it was only poor connectivity that the South Asian countries failed to tap 72% of the trade potential of US \$ 65 billion available in 2011. He expressed the hope that the Conference will deliberate the theme in earnest and come up with concrete suggestions and programmes for accelerating and enhancing Intra-regional connectivity in South Asia in the next ten years.

In his welcome address, **Mr. Kumar Mallimaratchi**, acting President, FCCISL drew on the need and importance of mechanism for effective implementation of resolutions/decisions. He was of the view that trade and interaction would grow in SAARC countries once the problems of connectivity faced by the region have to be addressed. He urged the countries to move forward in this direction the sooner the better. According to him, SAARC and Asia are the future economic drivers of the world. It is the primary responsibility of the business community to ensure that bulk of the trade of South Asian countries takes place within SAARC region, he added.

**Mr. Iftikhar Ali Malik**, SAARC CCI Vice President (Pakistan), brought to attention the important roles that various governments and stakeholders must play across various SAARC regions. Explaining the significance that developed infrastructure play in the development of intraregional trade, he stated that this conference had been organized when various economies of the world was passing through a reformation phase and were gaining economic momentum. In his opinion, the regional connectivity is one of the fundamental aspects of development and infrastructure is a critical factor for effective connectivity. While quoting figures from Investment Climate Assessment Survey-2008, Malik explained that 40% firms in India, 45% in Pakistan, 60% in Bangladesh and 75% in Nepal reported that inadequate infrastructure was a major obstacle to their business expansion efforts. Malik also stressed that intraregional trade remains largely unrealized. Although, Nepal, India, Bangladesh and Bhutan share common borders and have rail and road access, yet high trade barriers along with insufficient connectivity and lack of measures to encourage trade



*Mr. Iftikhar Ali Malik,  
Vice President SAARC CCI (Pakistan)*



*Mr. Kumar Mallimaratchi, acting President, FCCISL*



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*Mr. Annisul Huq, President, SAARC CCI*

have held back progress towards the overall connectivity of the region.

Mr. Annisul Huq, SAARC CCI President in his keynote address expressed that lack of connectivity within the region had prevented South Asia from coming closer together as a region. Quoting Muchkund Dubey, Huq stated despite being an ideal grouping for

economic integration, South Asia remains untouched by the first wave of regionalism in the international arena and remains marred by mutual doubts and suspicion. He stressed that the dream of one economy, one agreement, one pride, one voice and one region is what South Asian needs at the present moment. Reflecting on the success of ASEAN grouping, Huq said that South Asia and SAARC provided a sharp contrast to the ASEAN region. Although, South Asian countries are making concerted efforts to improve regional connectivity through infrastructure building, the infrastructure gap in terms of index has been widening in South Asia since 1990, he lamented.

Proposing a 10-item agenda to the policy makers and business leaders from South Asia, Huq outlined his proposed targets for the 2010-2020 decade of regional connectivity:

- 1 The implementation of transit trade on a reciprocal basis under GATT Article V and SAFTA provisions along with the finalization of agreements regarding motor vehicles, railways and inland water transport and shipping;
- 2 Strengthening of cross border infrastructure, money, finance, trade and investment. In this regard, the gradation of the Petropol-Benepole corridor, the development of Bagdogra Airport, the improvement of Wagha-Lahore rail links and the Colombo Port Expansion are key areas to benefit considerably from further infrastructure development.
- 3 The standardization of customs documents and procedures across the region.
- 4 The provision of a green fast-track multi-modal transport channels and corridors to facilitate efficient regional supply chains.
- 5 The improvement of sub-regional land and inland water connectivity to and from the north eastern part of the subcontinent.



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- 6 The implementation of transit trade agreements between Bangladesh and India, as well as Afghanistan, India and Pakistan.
- 7 The development of transport corridors through the Asian highway and Trans-Asian railways jointly by Afghanistan, Pakistan, India, Bangladesh and Myanmar.
- 8 Implementation of open sky policy regime.
- 9 Usage of one SIM for all phones in South Asia.
- 10 One energy bank for South Asia.

Huq stressed that within the next seven years, the people of South Asia would need to connect on different points of connectivity, be it social, economic, cultural or spiritual. He further called for the commitments of both governments and business communities to take a big leap in facilitating further connectivity in the SAARC region.

Highlighting the importance of focusing on concrete issues, the Chief Guests, Professor G L Peiris, Honorable Minister of External Affairs, Government of Sri Lanka remarked that we have to focus on concrete issues to move ahead and that there is great potential here in the region to move ahead economically provided we take concrete steps to develop regional connectivity on priority basis. Urging closer collaboration between the Chamber of Commerce and Industry (CCI) and the private sector, Peiris was of the view that putting in place a viable strategy for improving commercial progress was vital. Commenting on the importance of developing trade within the region, he explained that if we are serious about developing trade in the SAARC region, connectivity is the most important factor and in this regard Sri Lanka enjoys a pivotal position. He further said that the public and the private sectors need to create synergies in areas of mutual interest and their shared vision on food security; energy security and counter terrorism mechanism was required on regional level.

Peiris also touched on the firm economic relationships of Sri Lanka with all its neighbours with particular reference to its close relations with India, Maldives, Pakistan and Nepal.



Chief Guests, Professor G L Peiris, Honorable Minister of External Affairs, Government of Sri Lanka



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Peiris termed terrorism and security issues as the serious impediments to regional connectivity. He declared that Sri Lanka was not only to develop further as a hub for aviation but also as a hub for knowledge and technology.

The inaugural session concluded with the vote of thanks delivered by Mr. Kosala Wickramanyake, SAARC Vice President (Sri-Lanka).



*Mr. Annisul Huq, President SAARC CCI presenting SAARC CCI official crest to Professor G L Peiris, Honorable Minister of External Affairs, Government of Sri Lanka*

## Working session:

The inaugural session was followed by working session on 'Physical Connectivity in South Asia: Challenges and Prospects under SAFTA'.

The working session drew a lot of attention in the backdrop of 12th SAARC Summit declaration announcing 2010-20 decade as decade of regional connectivity. The session was chaired by Mr. Ranjeet Silva, Secretary, Ministry of Aviation and was addressed by Begum Salma Ahmed, Ex-MNA and President, Women CCI Sindh (Pakistan). Professor Rohan Samarajiva, CEO, LIRNEasia and Mr. Saifuddin Zoomkawala, CEO, EFU Insurance and Chairman, SAARC CCI Council on Financial Services and Insurance. Dr. Farah Naaz Ghauri, Professor at University of Aurangabad; Dr. Imtiaz Ahmed of Department of International Relations, Dhaka University, and Sri Senanayake, International Relations Manager, Sri Lanka Airlines were other speakers of the working session.

**Begum Salma Ahmed** in her address urged the women to voice themselves and play a key role in accelerating the development process of connectivity in South Asia.



*Begum Salma Ahmed*



*Professor Rohan Samarajiva*

**Professor Rohan** urged SAARC to take practical steps towards achieving regional integration for which regional connectivity is a key factor.

**Mr. Zoomkawala** opined that good relations with neighbouring SAARC countries were essential in doing business. He outlined the scope of financial, SME, banking, insurance and agricultural banking in the region and stressed that open minds are needed to create trust amongst South



*Mr. Saifuddin Zoomkawala*

Asian nations. He further urged the SAARC nations to look towards each other rather than lose foreign currency to the West by investing in services that could be easily delivered within the SAARC region.



*Dr. Farah Naaz Ghauri*

**Dr. Farah Naaz Ghauri** stressed that the availability of transport infrastructure was crucial in providing an impetus for economic activities. The transport infrastructure has immensely helped the EU to grow fast. Over the years a number of initiatives have been taken by South Asian countries at a bilateral, sub regional and regional level. According to her, there is however still a need to strengthen trade and make better use of geographical locations. She explained that India was expected to achieve a quantum leap in external trade in tandem with a sustained growth of over seven per cent. India envisages an investment of US\$ 14 billion, 276 projects in ports and is planning to augment capacity from 229 MT to 574 MT in 2010.

**Dr. Imtiaz Ahmed** was of the view that India, by placing top Bangladeshi exports on a negative list is pursuing the policy of protectionism which is against the spirit of SAARC objectives.



*Dr. Imtiaz Ahmed*

Addressing the issues of open sky policy in South Asia, Sri Lankan Airlines' International Relations Manager, **Sri Senanayake** stated that Sri Lanka was being viewed as low yielding market, which made big carriers think twice before commencing operations here. He raised the question as to whether it is in the country's overall interest to enhance the overall attraction of South Asian destinations to woo big carriers. Aviation and tourism sectors in the region need to jointly identify potential markets. Government needs to help enforce decisions taken at a policy levels as lack of implementation erodes investor confidence, he remarked. Senanayake further explained that the lack of open skies policy could not be termed as a main factor in hindering regional connectivity: He stressed the need to make Sri Lanka a destination of choice by catering to diverse visitors needs without over reliance on traditional attractions.



*Sri Senanayake*

After deliberations, the seminar adopted the 10- Items Agenda, as proposed by Mr. Annisul Huq, President SAARC CCI as its recommendations. It was also decided that these recommendations be circulated among key facilitators across SAARC CCI and other entities for approval.



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