

SAARC-CCI Capacity Building Workshop

Thimphu- Bhutan,
Thursday, 28th November 2013



SAARC CHAMBER OF COMMERCE
AND INDUSTRY



In partnership with:

Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**

SAARC-CCI CAPACITY BUILDING WORKSHOP

The SAARC Chamber of Commerce and Industry (SCCI) organized an institutional capacity building workshop in collaboration with the Bhutan Chamber of Commerce and Industry (BCCI) on the 28th November, 2013 at Taj Tashi Hotel, in Thimphu, Bhutan. The workshop is a regular annual event of the SCCI that aims to create networks and to enhance cooperation among the SAARC countries.

The one day workshop was focused on the role of private sector in South Asia. Except from the Maldives, representatives from all the apex trade bodies from SAARC countries attended the workshop to exchange views and discuss the issues related to South Asian Free Trade Agreement (SAFTA), and other cross-cutting issues of trade and development in the region. Officials from the Bhutan Government, representatives of the Bhutanese business community, development partners, and media were also present at the event.

At the outset, Mr. Phub Tshering, the Secretary General of BCCI, welcomed all and explained that seeking new direction for the private sector in SAARC and strengthening of the SAARC

Chamber of Commerce and Industry was the purpose of the workshop. He reiterated that SAFTA provides great growth potential for the member countries and is as an institution that facilitates growth and expansion of trade and investment in the region. He also mentioned that SAFTA aims to increase cooperation among the SAARC countries by removing barriers to cross-border trading. However, government and the private sector need to work hand in hand to materialize this, he stated.



Mr. Phub Tshering, Secretary General of BCCI

The chief guest of the workshop Mr. Dasho Sonam P Wangdi, Joint Secretary of Ministry of Economic Affairs of the Royal Bhutan Government, welcomed all on behalf of the Bhutan Government, and eulogized the socio-economic developments in Bhutan, recent achievements, and the role of the

governments to facilitate business. He then presented his keynote paper titled, "Investment Opportunities in Bhutan", highlighting the evolution of openness of investment regime in Bhutan. He specifically mentioned about the regional multilateral agreement of SAFTA and bilateral free trade agreements (FTA) with India, Bangladesh and Thailand, and the ongoing negotiations with Nepal for a bilateral FTA. He said that all these initiatives will continue to make Bhutan an attractive destination for investments. He underscored that Bhutanese government understands the fact that business and industry are the drivers of growth and development in the region, and is ready to create a conducive environment for facilitating trade and investment.



Mr. Dasho Sonam P Wangdi, Joint Secretary of Ministry of Economic Affairs of the Royal Bhutan Government

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Mr. Goutam Ghosh, Director (Arab and South Asian Division), Federation of Indian Chambers of Commerce and Industry (FICCI)

Then the Deputy Secretary General of SAARC Chamber, Mr. Zulfiqar Ali Butt, offered a vote of thanks to the audience, the Bhutan Government, and the co-host Bhutan Chamber for facilitating the event, and thus the opening session came to an end, followed by two technical sessions where experts from the region took part in presentations and relevant discussions.

Technical Session 1: Role of Private Sector in South Asia

The first technical session focused on the theme, “Role of Private Sector in South Asia”, was moderated by Mr. Goutam Ghosh, Director (Arab and South Asian Division), Federation of

Indian Chambers of Commerce and Industry (FICCI), and had two presentations. Mr. Hemand Dabadi, Secretary General of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), and Mr. Nalin Attygalle, Secretary General of the Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL) were the designated discussants of this session.

The first presentation was made by Mr. Shaquib Quoreshi, Secretary at Metropolitan Chamber of Commerce and Industry, Dhaka (MCCI) of Bangladesh. Mr. Quoreshi’s presentation, titled, “SAFTA: A New Look” underscored the recent findings of the prevailing non-tariff measures in the region. Mr. Quoreshi also highlighted the recent result of a simulation showing that a 25% reduction of the present transaction cost in intra-regional trade in SAFTA would result in an welfare gains worth over US \$ 14 billion in aggregate for the region, and also significantly for each individual country in the region. Mr. Quoreshi’s presentation recommended, among others, (i) to initiate structured programs to increase interactions between the private sector and public officials on a regular basis in each country of the region so that the government and the private sector know each other’s needs and can achieve the policy reforms effectively; and (ii) a new study to be taken up by the SAARC-CCI to review the SAFTA sensitive list and come up with a deeper understanding of each country’s offensive and defensive trade and economic interests, for such an understanding is a prerequisite for regional economic integration.

The second presentation titled, “Role of Private Sector in South Asia’s Trade Reforms” at the first technical session was made by Mr. Joseph George of CUTS International, a regional research think tank. Mr. George’s presentation underscored the major reasons for low intra-regional trade volume, that includes high prevalence of non-tariff barriers and trade related frictions, individual country’s excessive focus to expand export access in international markets of developed countries (e.g., EU, North America, and Middle East) ignoring high potential for



Mr. Joseph George of CUTS International, India

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intra-regional trade, poor trade infrastructure resulting in high transaction costs, etc. Mr. George recommended, among others, to adopt a participatory approach jointly by the public and private sector of each member countries of SAARC in reforming the non-tariff barriers by effectively engaging the related SAARC institutions, e.g., SAARC Secretariat and SAARC CCI. He specifically recommended that the business sectors from the SAARC region be provided a direct access to NTB review and resolution system at SAARC Secretariat through representation by the SAARC CCI.

The designated speaker Mr. Hemant Dabadi remarked on the two presentations of the first session that the role of the government and private sector at each individual country and at the SAARC level should be defined more clearly. In order to do that, national level trade bodies and SAARC CCI should be strengthened by proper leadership and expert professionals.

Mr. Goutam Ghosh, as a moderator wrapped up the session by briefly addressing the various subtle aspects and difficulties in addressing the NTBs, and the need for regional integration to be prepared for the global economic challenges and opportunities.

It was discussed and agreed that the SAARC countries, as an economic bloc should undertake strategies to improve infrastructure, capacity to use appropriate technology, upgrade the skills, and improve the governance situation in order to be able to place itself in the global economic scenario in a more robust manner.

Technical Session 2: Strengthening Co-operation on Infrastructure & Development

The second technical session was on the theme, “Strengthening Co-operation on Infrastructure & Development” was moderated by Mr. Mazibur Rahman, additional secretary (international affairs), Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), and had two presentations. Mr. Goutam Ghosh, director (Arab and South Asian Division), Federation of Indian Chambers of Commerce and Industry (FICCI) was the designated discussant of this session.

The first presentation, titled, “SAARC Development Fund” at the second session was made by Mr. Chencho Tshering, Director of SAARC Development Fund (SDF). Mr. Tshering in his presentation underscored the stated objectives of the Fund, of promoting people’s welfare in the region by accelerating growth and poverty alleviation by means of regional economic integration. He then briefly highlighted the history and formation of the SAARC Development Fund, its operational structure, and its present situation of financing to the tune of about US \$ 340 million. He informed that the Fund works through three financing windows, namely, economic, social, and infrastructure, in form of grants, equity participation, and



Mr. Chencho Tshering, Director of SAARC Development Fund (SDF).

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Mr. Nalin Attygalle, Secretary General of the Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL)

soft-loans. He said the available funds at the moment fall short for funding large infrastructure projects in the region, but their fund management policy allows them to tag with other large multi-lateral development partners and mobilize the required funds in near future.

The second presentation titled “Strengthening the Partnership through NTBs and PPPs” was made by Mr. Nalin Attygalle, Secretary General of the Federation of Chambers of Commerce & Industry of Sri Lanka (FCCISL). Mr. Attygalle in his presentation highlighted the poor performance of this region that is a home to one fourths of the world’s population but accounting for merely a 3% of the world’s GDP. At the same time he underscored the very positive macro-economic indicators of the region, e.g., fast economic

growth averaging over 6% annually during the past decade, biggest market place in terms of population, and the strength of a young population giving out the demographic dividends in decades to come. He mentioned that NTBs are considered as a major reason for poor intra-regional trade, He further mentioned that effective commitments from countries have been reached under SAFTA to reduce tariffs, but no agreements so far have been undertaken to address the issues of NTBs, such as, harmonization of testing requirements, product certification, customs valuation, labeling requirements, etc. He then mentioned different models of Public Private Partnership (PPP) as an effective instrument to mobilize funds and managing large infrastructure project much needed to improve trade and movement of goods across the region. Mr. Attygalle particularly stressed on the recent development trends where large infrastructure projects are no longer considered as a ‘free-meal’ from the government and the development partners, but a sustainable ‘cost-based’ endeavor, and that is where private sector has the opportunity to become a partner. He recommended that this region should act as a unified body with common development agenda, and SAARC institutions like SAARC CCI should be strengthened adequately to pursue the common economic and development agenda to the respective governments.

The designated speaker Mr. Goutam Ghosh asked for clarification whether funds from the SAARC Development Fund could assume the role of venture capital source in the region, at least to some extent, as a confidence building gesture. Mr. Tshering responded that SDF was planning to start off one or two investment projects by the middle of 2014, and they would be open to receiving investment proposals.

Concluding Remarks and Recommendations

It was concluded that the private sector should be interacting more with respective governments and at the level of SAARC institutions to bring in the desired changes and policy reforms.

It was further concluded that consensus will be needed to initiate remedial actions to remove and reduce existing trade barriers. At the operational level, it was recommended that SAARC CCI should hold a strategic planning session to determine a strategy for the next five years; the required funds for such a strategic planning session could be attempted to be mobilized from the SAARC Development Fund.

It was also suggested that SAARC CCI should also make a core committee of well-informed members about regional Trade who can travel across the region and hold meeting and do lobbying with Foreign Minister, Foreign Secretaries and Head of state SAARC member countries to bring change in policy at large.



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