



Panel Discussion

# *Trade Corridors and Regional Connectivity in South Asia*

November 13, 2013, Islamabad, Pakistan

**SAARC CHAMBER OF COMMERCE AND INDUSTRY**

*In partnership with:*

Friedrich Naumann  
STIFTUNG **FÜR DIE FREIHEIT**





## *Trade Corridors and Regional Connectivity in South Asia*

Since the dawn of 21st century, although, the region of South Asia has demonstrated strong economic growth rates higher than global average growth rates, the fact remains that 40% (approximately 500 million) of the world's population lives on less than \$1.25 a day is concentrated in the region. It clearly reflects that the masses could not reap benefits out of this robust growth rather it was badly suffered from unexpected rise in inflation in spite of increase in their corresponding incomes. A priority for the region would therefore be the transformation of the benefits of growth to larger segments of the population. Given the location of the lagging areas, improved regional economic integration is one way to achieve envisioned targets. Evidence shows that poverty reduction in these areas is impeded by the lack of exposure to international markets. Similarly, for inclusive growth, sustainable regional integration mechanism would thus be required for prosperous South Asia.



*(L-R) Mr. Shah Faisal Kakar, Director (South Asia), Ministry of Foreign Affairs-Pak, Mr. Iqbal Tabish, Secretary General, SAARC CCI, Ms. Robina Ather, Joint Secretary, Ministry of Commerce, Govt. of Pakistan, Mr. Iftikhar Ali Malik, Vice President, SAARC CCI (Pak), Mr. Haroon Sharif, Advisor to World Bank (Pak), Mr. Mir Naveed Jan Baloch, Vice President-FPCCI, Mr. Ali Salman, Executive Director, Prime Institute-Lahore.*

In view of this backdrop, the SAARC Chamber of Commerce and Industry (CCI) in collaboration with the Federation of Pakistan Chamber of Commerce and Industry (FPCCI) and in partnership with Friedrich Naumann Foundation (FNF) organized one day panel discussion on “Trade Corridors and Regional Connectivity in South Asia” at Islamabad on November 13, 2013. The prime objective of the discussion was to highlight the importance of regional integration and connectivity and its impact on trade and development in the SAARC countries.

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The program was commenced with the recitation of holly Quran. In the introductory remarks Mr. M. Iqbal Tabish, Secretary General, SAARC CCI highlighted the role of Chamber's to encourage Trade, Service, Industry, Small & Medium Enterprise, Agriculture, Intra-Regional through creating strong business linkages amongst the entrepreneurs of the region of South Asia. He informed the participants that South Asia covers about 4.48 million km<sup>2</sup> (1.7 million mi<sup>2</sup>) area, which is 10% of the Asian continent or 2.4% of the world's land surface, was home to well over one fifth of the world's population, making it both the most populated region of the world.



*Dr Usman Mustafa, Project Evaluation and Training Divison (PIDE-PK)*

But unfortunately, the member states could not be able to attain high level of intra-regional trade and investment despite regional proximity. The intra-regional trade in SAARC was only 5% of their total trade and contributed less than 2% in global economy. He urged for hassles free trade through existing and potential corridors and demanded for pro-regional approaches to improve cross border trade and investment.

Mr Iftikhar Ali Malik, Vice President SAARC CCI in his welcome address highlighted the importance of integration amongst the SAARC and expressed that the region had abundant resources, both human and natural and possessed enriched and fertile land tracts but people of the SAARC countries had been suffering due mainly to low integration among the regional countries”

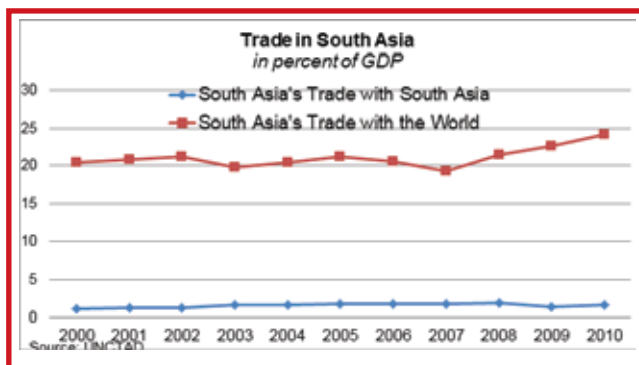


*Mrs. Sajida Zulfiqar, MNA (Pakistan Tehreek Insaf)  
Mr. Shah Faisal Kakar, Director (South Asia),  
Ministry of Foreign Affairs-Pak*

He identified wide scope for close cooperation among the SAARC countries in various fields to help boost industrial competitiveness with a special focus on alleviating poverty in the

region. He was of the opinion that the dream of South Asian Society could only be transformed into reality if the SAARC member countries shift their focused interest on South Asia and create

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synergies for regional cooperation, which so far has not been realized truly.

Mr. Haroon Sharif, advisor to the World Bank Group on South Asia, expressed that building better infrastructure was important for the region to boost intra trade. He argued that Asia was emerging

as new center of gravity but some SAR countries were still highly exposed to the U.S. and Eurozone. South Asia has begun to trade more with the world but not with each other.

He identified the political, technical and operational barriers in trade amongst the member countries. Amongst these the most significant barriers was lack of political will and urged for trust building while demonstrating the benefits as the way forward for deeper regional integration.

Mr. Ali Salman, Executive Director, Prime Institute-Lahore, described that a minimum consumer welfare gain of approximately US\$ 2 billion a year was possible by way of savings on aggregate consumer expenditure on imported products in selected categories by enhanced trade within South Asia. He suggested that external trade reforms will have to be matched with domestic economic and governance reforms (Competition, Property Rights, Contract Enforcement) to maximize gains.

Dr. Usman Mustafa, Chief, Project Evaluation and Training Division, Pakistan Institute of Development Economics, Islamabad made presentation on "Potential and Prospects of Strengthening Trade Corridors and Regional Connectivity in South and

	Time for import (days)	Signatures for import (No.)	Documents for import (No.)	Time for export (days)	Signatures for export (No.)	Documents for export (No.)
SA	42	24	14	34	12	9
OECD*	15	4	7	11	3	5
East Asia & Pacific	30	10	11	28	7	7
Latin America & Caribbean	38	12	12	30	8	8

\* Organisation for Economic Co-operation and Development

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South-West Asia (SSWA)". He described that South Asia had experienced unprecedented growth, averaging close to 6 per cent per annum since the 1990s without benefitting to grass route. He was of the opinion that in order to address the challenges and to ensure sustainability, there was dire need to develop and strengthen integration amongst the SSWA countries, which was extremely poor in region resulting intraregional trade the lowest as compared with other regional blocs. The region was the least integrated in the world despite having great potential for connectivity through all channels like air, sea, road and rail.

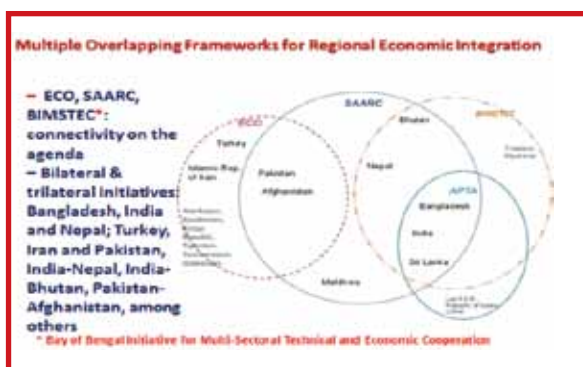
**Cost of Trading Across Borders for South Asia Countries**

SA Countries	Time for report (days)	Signatures for import (Nos.)	Documents for import (Nos.)	Time for export (days)	Signatures for exports (Nos.)	Documents for export (Nos.)
Bangladesh	57	38	15	35	13	7
India	43	27	14	36	22	11
Maldives	29	3	11	26	3	7
Nepal	38	27	10	43	17	7
Pakistan	39	13	11	32	10	8
Sri Lanka	27	13	12	27	10	8

He suggested that a cargo corridor, trans-Asia railway network should be established in order to reduce the cost of doing business in the region. He regarded regional cooperation as an effective tool in addressing different crises. During the interactive session, the audience was responded by the panelist in affective manner.

While concluding the program and offering vote of thanks, Mr. Iqbal Tabish, Secretary General, SAARC CCI emphasized for providing business enabling environment and efficient and mechanical TF Mechanism to reap out benefits from SAFTA, citing the success of EU, NAFTA, COMESA, OECD and such other regional economic groupings as the result of effective implementation of TF measures. He added that "Effective TF mechanism equipped with supply chain management could not only engage MSMEs in economic circle of their respective countries but also contribute towards equitable and sustainable development in South Asia".

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