

**CUTS Reporting
Sixth South Asia Economic Summit
Day 1**

Regional Integration Central to South Asia's Future

The first day of the 6th South Asia Economic Summit, held in Colombo, Sri Lanka, sets the agenda of regional integration at the forefront, recognizing that the developmental aspirations of countries belonging to the region are deeply entwined.

Distinguished participants from all across South Asia unanimously upheld that from human resource development to participation in the multilateral trade liberalisation process under the WTO, all aspects of the economic and social development of South Asia depends on how the region manages to coordinate and integrate.

The three day annual event, the sixth in a series, has attracted the biggest gathering of experts from academia, civil society organizations and intergovernmental agencies in a South Asian Capital. About 150 participants are here from all over the eight member states of South Asia Regional Cooperation. The event is being supported by a range of donors, which include World Bank, IDRC, AusAID, The Asia Foundation, Oxfam, GIZ etc. The last summit was held in Islamabad.

In his key note address, Ahsan Iqbal, Minister of Planning, Government of Pakistan, called upon the Summit participants to arrive at a 'South Asia Vision' through the deliberations. He noted that such a regional vision would do justice to the immense development potential that awaits South Asia, if all member states work together towards achieving it.

D. E. W. Gunasekera, Minister of Constitutional Affairs, Government of Sri Lanka, said in the inaugural session that the one of the biggest challenges facing Sri Lanka is empowerment of its growing young population through quality education and training so that they will be able to contribute better to the nation's growth and development. As other South Asian countries are also undergoing similar demographic changes, development and empowerment of the workforce is a challenge that South Asia faces in general.

For this reason, speakers at the inaugural session praised inclusion of the topic 'harnessing human capital potential in South Asia' as one of the main themes for the Summit. Other three out of the 'big four' themes selected this year are 'managing water resources, food security and climate change in South Asia', 'addressing intra-country growth disparities in South Asia', and 'building competitiveness of the private sector in South Asia'.

Delivering the opening remarks, Ahmed Saleem, Secretary General, SAARC mentioned that the SAARC secretariat recognises the imperative of involvement of the private sector in matters of regional economic policies. This imperative has been acknowledged in several of the recent SAARC declarations. Inviting the SAARC Chamber of Commerce and

Industries to present the views of the private sector on investment in infrastructure in the recently held SAFTA Committee of Experts meeting was a positive step in this direction.

Among new publications released in the inaugural session was CUTS study report titled ‘Reforming Non-Tariff Barriers: Case for a Participatory Approach in South Asia’. This report outlines the necessity of an inclusive, bottom-up approach for reducing intra-regional trade barriers, wherein the private sector should complement the regional trade reform initiatives at the governmental level.

Expert panel discussions on the first day focused on the theme of harnessing human capital. The theme paper presented by Biswajit Dhar, Director General of Research Information Systems for Developing Countries, New Delhi, outlined that the dependency rates in South Asia’s population is on the decline as the work force is increasing. This presents immense growth opportunities as well as its own sets of challenges. As the enrollment rate in secondary and tertiary education sectors are drastically lower than in primary education all over South Asia, it shows inadequate skill development that is required for qualitative quantitative improvements in the outputs produced by the growing work force. The study also states that though the services sector has registered impressive growth in the recent past, employment rate in the services sector has not grown commensurately, a cause for serious concern.

Commentators opined that job creation is extremely important, for availability of jobs is often found to push the aspirants for acquiring necessary skills rather than the other way round, as is often noted in the context of low income countries. According to Rafiq Dossani, Senior Economist, RAND Corporation, though the growth in population of the employable population is projected for the near future, their age to acquire skills is now passing on. Therefore failure to implement adequate reforms in the education sector at the earliest will result in a huge loss of opportunity to have highly skilled human capital as the time when demographic changes takes a positive turn.

Mahendra Lama, Pro Vice Chancellor of Indira Gandhi National Open University, New Delhi pointed out that there is a huge quantity as well as qualitative gap in the higher education sector. Number of quality higher education institutions is abysmally poor in South Asia. Proper regulatory tools are needed to make a turn-around in this situation. As this is a common challenge, South Asian countries could cooperate and collaborate for framing policy responses.

The discussants were of the opinion that in the absence of proper education and training capacity the change in demographics remains a ticking time bomb. Experts also discussed the scope of attracting private investments in the education sector. Though it has merits, the state’s role should not diminish in any way as reliance on investments in education may not bring out sufficient quality in outcomes.

In a session on labour migration issues concerning South Asia, Irudaya Rajan, Professor, Centre for Development Studies, stated that South Asian countries do not have a functional migration policy. Instead all the big regional countries rely on remittances without overtly

concerned about the welfare of their migrant workers. This indifferent attitude must be changed with proper migration policies in place which is not only beneficial for South Asian migrant workers in other parts of the world, but also will pave the way for better labour mobility within the region. Intra-regional labour mobility is one of the most crucial essential building blocks of regional economic integration.

The day was concluded by a special session chaired by Pradeep S Mehta, Secretary General of CUTS, in which the possibilities of tabling common negotiating positions at the upcoming Bali Ministerial Meeting of the WTO in December was discussed. In the Session titled, 'Road to Bali: South Asian position for the 9th WTO Ministerial', the presentation by R. S. Ratna of UNESCAP made on the basis of discussions between a group of experts in July, 2013 noted that South Asian nations are on the same side on most of their defensive interests in the ongoing WTO Doha Round Negotiations.

Though they have certain differences in opinions in certain areas, there exists possibility of finding common grounds in some of the critical areas that are to be considered by WTO membership in Bali. Opposition against plurilateral agreement on commitments on trade in services, support for signing of the Trade Facilitation Agreement, extension of exclusion of LDCs from TRIPs provisions etc are the main such areas. However, certain positions need to be clearly articulated, such as thrust of infrastructure development in the Trade Facilitation Agreement, without which reforms would be practically difficult for developing countries.

If the South Asian trade ministers agree upon a list of areas and advance a joint proposal at the ministerial, it would be the first of its kind. According to the commentators, it is important that such a proposal, if decided by the South Asian leadership, be submitted in advance before the Bali Ministerial Meeting so as to make the desired impacts. The panellists argued that common positions at the WTO negotiations should be firmly grounded on the larger regional integration agenda. In fact such a common position would assert regional solidarity and would through up opportunities for regional economic and social integration at a greater level.