



TENTH SOUTH ASIA ECONOMIC SUMMIT

By
Areeba Arif
Research Assistant

Edited by
Najam Rafique

December 5, 2017

(Views expressed in the brief are those of the author, and do not represent those of ISSI)



The tenth South Asia Economic Summit commenced in Nepal on November 14, 2017 with the aim of strengthening economic integration in the sub-region for attaining inclusive and sustainable development. The summit was organized by the National Planning Commission of Nepal's Ministry of Commerce in collaboration with the South Asia Watch on Trade, Economics and Environment.¹ The main objective behind the summit was to identify and prioritize challenges and opportunities in deepening regional economic integration for attaining goals of inclusive and sustainable growth for South Asia.

The South Asia Economic Summit was launched in 2008 as a platform to discuss and analyze development challenges facing South Asia. The annual event brings together regional experts from various fields from across the South Asian region.² These experts comprises of South Asia Watch on Trade, Economics and Environment, Nepal; Centre for Policy Dialogue, Bangladesh; Research and Information System for Developing Countries, India; Sustainable Development Policy Institute, Pakistan; and Institute of Policy Studies of Sri Lanka.

This year summit was attended by more than 200 delegates, including ministers, members of Parliament, top government officials, diplomats, planners and think tanks from the South Asian

¹ "10th South Asia Economic Summit Held in Nepal" *Current Affairs Today*, currentaffairs.gktoday.in/10th-south-asia-economic-summit-held-nepal-11201749983.html.

² South Asia Economic Summit (SAES), www.sdpi.org/policy_outreach/summit-conferences.php.

countries.³ Eighteen different sessions were moderated in the summit in which a wide range of issues including regional trade potentials, energy generation, cooperation on power trade, collaboration for reducing disaster impact and employment generation were discussed.⁴

During the summit, need for enhancing connectivity, developing better infrastructure facilities, increasing intra-regional trade and reducing trade barriers was stressed upon. The need to ensure food and energy security and promoting cooperation in tourism, trade, and energy generation, climate change among the member countries for attaining inclusive and sustainable growth in the region was also highlighted by the speakers.⁵

South Asia is one of the least integrated regions in the world mainly due to lack of connectivity and inadequate availability of infrastructure. Intra-regional trade and investment among the South Asian countries is just five per cent of the total trade and investment of South Asian countries with other countries, which necessitates more collaboration and increasing connectivity among the countries of the region. The main objective of the summit is to help the South Asian Association for Regional Cooperation (SAARC) grouping to process on economic development.⁶

During one of the plenary sessions, Rehman Sobhan, Chairman of Centre for Policy Dialogue Bangladesh, said the move away from SAARC is not an altogether new phenomenon, and at such times the civil society needs to be particularly proactive to keep the idea of South Asia alive.⁷

Abid Qaiyum Suleri, Executive Director of Sustainable Development Policy Institute, Pakistan, said if South Asia could still move ahead despite Pakistan's lack of readiness in Motor Vehicle Agreement, it would demonstrate that complementarities do attract initiatives for cooperation.⁸

Also speaking in the plenary session, Nagesh Kumar, Director of Social Development Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), said that sibling rivalries are a fact of life among neighbors that holds back cooperation. But, he said, there will also

³ "Nepal to Hold South Asia Economic Summit from Tomorrow." *Moneycontrol*, www.moneycontrol.com/news/business/wire-news/nepal-to-hold-south-asia-economic-summit-from-tomorrow-2437361.html.

⁴ Ibid.

⁵ "Tenth South Asia Economic Summit Begins in Nepal", 14 Nov. 2017, www.outlookindia.com/newscroll/tenth-south-asia-economic-summit-begins-in-nepal/1188529.

⁶ "Report on SAARC Countries Economic Integration." *Assignment Point*, 17 Mar. 2013, www.assignmentpoint.com/business/report-on-saarc-countries-economic-integration.html.

⁷ "The 10th South Asian Economic Summit." *Qrius (Formerly The Indian Economist)*, 22 Nov. 2017, qrius.com/10th-south-asian-economic-summit/.

⁸ Ibid.

be sudden upsurges in complementarities to push cooperation forward.⁹

Similarly, Dushni Weerakoon, Executive Director of Institute of Policy Studies of Sri Lanka, said that each country in the region was undergoing its own travails at the moment, which has stalled the regional cooperation process for the time being.¹⁰

Posh Raj Pandey, Executive Chairman of South Asia Watch on Trade, Economics and Environment, highlighted the need to focus on trade in services with the sector's increasing growth and contribution to the economies of the region, including at the firm level that helps the small entrepreneurs and the overall economy. He pointed out that the implementation modality of SAARC Agreement on Trade in Services (SATIS) needed to be sorted out and SATIS be implemented without any further delay.¹¹

Former Nepalese Minister for water resources, Deepak Gyawali, during his presentation in an expert session on energy cooperation, said that most of the complexities in cooperation in the hydropower sector arise from failure to recognize the multipurpose nature of hydropower projects and going after them only as clean energy projects. He cited the example of farmers getting a free ride on irrigation water while energy users foot the bill.¹²

Panelists discussed the shortcomings of regionalism and ways to overcome them. Some saw sub-regionalism undermining South Asian regionalism, while others saw the trend strengthening countries' willingness to benefit from new complementarities that was unavailable previously.¹³

China came up frequently in addresses of speakers of the different sessions. It was their collective belief that because of China's centrality in economic relations of every SAARC member, it too should be given space in collective sub-regional forums that already exist or are to be formed in the future. The discussants also explored the possibilities of tapping the observers as dialogue partners while discussing the tremendous challenges associated with their deeper engagement.¹⁴

Promoting regional integration in South Asia entails efforts in key areas such as infrastructure, trade facilitation, investment, governance and implementation. The most critical element of the integration

⁹ "Tenth South Asia Economic Summit Begins in Nepal", 14 Nov. 2017, www.outlookindia.com/newscroll/tenth-south-asia-economic-summit-begins-in-nepal/1188529.

¹⁰ "The 10th South Asian Economic Summit." *Qrius (Formerly The Indian Economist)*, 22 Nov. 2017, qrius.com/10th-south-asian-economic-summit

¹¹ Ibid.

¹² "The 10th South Asian Economic Summit." *Qrius (Formerly The Indian Economist)*, 22 Nov. 2017, qrius.com/10th-south-asian-economic-summit

¹³ Ibid

¹⁴ "The 10th South Asian Economic Summit." *Qrius (Formerly The Indian Economist)*, 22 Nov. 2017, qrius.com/10th-south-asian-economic-summit

process in South Asia is building confidence and filling the huge trust deficit between the countries. South Asia is one of the few bright spots for growth in the global economy. Linking emerging South Asia with the member countries is important because this can create a huge regional market that can transform regional economies. SAARC is the ultimate platform for this transformation.