



**Ninth
South Asia
Economic Summit**
15-16 October 2016
Dhaka, Bangladesh

Reimagining South Asia in 2030

Speech

Inaugural session

Professor Deepak Nayyar

Co-organisers



15 October 2016

Organised by



CENTRE FOR POLICY DIALOGUE (CPD)
B A N G L A D E S H
a civil society think tank

*Ninth South Asia Economic Summit
Dhaka, Bangladesh
Inaugural Session, 15th October 2016*

Statement by Deepak Nayyar

Excellency, President of Bangladesh, Distinguished Guests, Colleagues, Participants, Ladies and Gentlemen,

I consider it an honour and a privilege to be in your midst this afternoon. And I would like to thank the organizers for their invitation to speak at the inaugural session.

Almost one-fourth of the people on earth live in South Asia. But the contribution of our region to world GDP, in current prices at market exchange rates, is barely one-thirtieth. It is no surprise that South Asia is home to 40-45 percent of the world's poor depending on where we draw the poverty line. For the region as a whole, in 2011, 25 percent of its population lived below the poverty line of PPP\$1.25 per day, while 60 percent of its population lived below the poverty line of PPP\$2 per day. The former are the perennial poor probably unable to reach the critical minimum even in terms of nutrition, while the latter might have been able to reach the critical minimum in terms of food and clothing plus some basic needs but not appropriate shelter or adequate healthcare and education. The people between the two poverty lines, as many as 580 million, were vulnerable to any shock such as a bad harvest, high inflation, jobs lost, or an illness in the family. But that is not all. Our social indicators of development, on health and education status, are among the worst in the world with the possible exception of sub-Saharan Africa. Clearly, we have miles to go in our journey if the destination is the wellbeing of our people.

In this quest for development, there many things that must be done. Let me simply highlight the importance of regional cooperation. The logic and benefits of economic cooperation between South Asian countries, in the form of a customs union, were set out with clarity more than 50 years ago by a young Swadesh Bose, later an eminent economist from Bangladesh, in his PhD thesis at Cambridge. That was largely about gains from trade in goods. There is so much more now: economic transactions related to services, investment, technology, people. There is, in addition, the wider political context and purpose in a subcontinent where harmony has been elusive. It is worth remembering that six countries in Western Europe signed the Treaty of Rome in 1957 just 12 years after the end of World War II to establish the EEC, which evolved through successive stages of economic integration into the EU and create a single market. It was also a political project for peace in Europe. Nearer home, ASEAN, set up in 1967, has also made significant progress. SAARC was established as late as 1985. It has been thirty years since then. Yet, the progress, even in terms of economic cooperation has been at best modest. Trade in goods, let alone services, between South Asian countries is a disproportionately small fraction of their total trade. Cross-border investments or movements of people are negligible. The constraints are embedded in politics, which has turned out to be a stumbling block. The present impasse, like many before, has pushed the official SAARC process into a meltdown once again. Even so, it is perfectly possible to further sub-regional economic cooperation in South Asia through emerging arrangements such as BBIN and BIMSTEC.

Under these circumstances, it is for institutions, intellectuals, citizens and civil society in our countries to preserve the spirit of SAARC as an

organization and the idea of South Asia as a region. In this context, I would like to mention the South Asia Centre for Policy Studies – SACEPS – that I co-chair at present with Akmal Hussain with Sachin Chaurvedi is its Executive Director. It has a distinguished lineage in its founders: Syed Babar Ali, Muchkund Dubey, Arjun Sengupta, and Rehman Sobhan. SACEPS is a network organization engaged in addressing regional issues of common concern in South Asia. Leading research institutions and think tanks in South Asia, including our hosts, the CPD, and those listed as co-organizers of this Summit, are actively associated with us as partners and stakeholders. For those here who might not know us, SACEPS is an independent non-governmental organization working at the intersection of research and policy, engaged in promoting policy dialogue based on research.

There is a historical connection between SACEPS and the annual South Asia Economic Summits that deserves mention here. Soon after SACEPS came into being, it had contemplated an annual event in Bandos, an island resort in the Maldives. The idea might have come from Davos, but the conception was different. This difference was greater than that between the Swiss Alps and a tropical island. Alas, it was not to be. Later political developments in the Maldives ruled it out. The idea of the South Asian Economic Summits emerged, as a more manageable initiative with a rotating location, when the Bandos idea seemed too difficult.

Even now, however, the object of SACEPS is to create a meeting space that facilitates interaction not only between policy-makers, the business community and civil society but also with a wider constituency of people, concerned citizens, committed to promote regional cooperation in South Asia. Please help us to further the cause of South Asia.