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Fourteenth South Asia Economic Summit (SAES XIV),
Saturday, 4 November 2023, Grand Ballroom, Sheraton Dhaka

Identifying New Opportunities and New Modalities for Fostering Regional Cooperation in South Asia

Remarks made by Dr. Yuba Raj Khatiwada, Former Minister of Finance, Nepal at the opening session of the Summit.

Chair Prof. Shovan
Chief guest, Hon'ble Speaker of Bangladesh Parliament
Special Guest Minister for Planning, Bangladesh
Distinguished Panelists, Excellencies, my long time friends
Ladies and gentlemen,

1. Let me begin by thanking CPD and co-organizers for inviting me and giving me an opportunity to speak on the state of South Asian Cooperation at the present juncture.
2. For the last 3 decades of my work on South Asian Cooperation in the capacity of a professional researcher, central bank governor, finance minister and now as a civil society person interested in development matters, there are not many things to be satisfied with.
3. Not going very far in the past, let me start my observations on the state of cooperation in South Asia following the 18th SAARC Summit held in Kathmandu during 26-27 November 2014 with the theme "Deeper Integration for Peace and Prosperity" for the region. The Summit had realized the need for reinvigorating South Asian regional cooperation and revitalizing SAARC as an effective vehicle to fulfill the developmental aspirations of the peoples of South Asia. The leaders had expressed their determination to deepen regional integration for peace and prosperity by promoting mutual trust, amity, understanding, cooperation and partnership. The 19th Summit being held up for nine years now and no significant progress being made on those commitments shows the regional cooperation agenda has been in an impasse. The leaders' strong determination to deepen regional integration for peace, stability and prosperity in the region to intensifying cooperation, inter alia, in trade, investment, finance, energy, security, infrastructure, connectivity and culture in a prioritized, result-oriented and time-bound manner is almost non-functional.
4. The Leaders renewed commitment to achieve South Asian Economic Union (SAEU) in a phased and planned manner through a Free Trade Area, a Customs Union, a Common Market, and a Common Economic and Monetary Union has not progressed. Even the uses of local currencies in bilateral trade has not happened except for India, Nepal and Bhutan.
5. The 18th Summit had agreed to expedite development of projects under SDF addressing the livelihood issues of the peoples of the region. However, the movement has stalled since then. For instance, in 13 years of coming to operation, SDF has just been operating 20 projects worth 147 million dollar to support the member countries through economic, infrastructure and social windows.
6. The region being in severe food insecurity, despite some countries having a surplus of food, the cooperation mechanism has often been in reverse order, as some countries are putting a restriction on such exports even to the neighboring countries. Even energy trade also has not been smooth.
7. Having observed many setbacks in the regional cooperation so far, we should not lose sight of the need for cooperation through either the existing mechanism or sub regional mechanism. As the region faces common threats poverty, food and energy insecurity, climate change, natural disasters, and mass migration, regional cooperation has been all the more important.

8. This region should work in the areas of complementarity than competition, such as tourism, energy, digitization, climate action, disaster management, technology transfer, value chain based manufacturing and social protection. The region can start such cooperation at sub regional level and extend to other countries as feasible and member interest.
9. As the region is growing reasonably well at 6 percent or more, not all the countries of the region are growing at the same pace. Some of them are graduating from LDC status, and require greater support from regional friends. Then the concern is on sharing the growth by means of facilitating trade, investment, aid, and technology transfer to countries which are lagging behind. For some other issues such as harnessing water resources, mitigating the impact of climate change, implementing BRI initiative, and containing financial and cyber frauds, which have extra regional stakeholdership, we need to forge regional consensus, or at least ensure synergy to regional cooperation from such extra regional engagement.
10. The SAARC region or sub region can work collectively with multilateral and regional development agencies such as WB, ADB, financial institutions like AIIB, bilateral development partners from advanced economies, and connectivity initiatives such as BRI for deeper trade, investment and capital flows within the region. Strengthening the institutions of SAARC itself and developing regional development financing mechanism for sustainable development goals including through the effective operationalization of SDF is necessary for the region's resilient development.
11. I hope that the deliberations and conclusions of this summit will show path way to the political leaders of the region to narrow down political differences and carry forward regional development agenda, considering the economic rationale and imperatives bound also by geography, history and economic fundamentals.
12. I wish this summit a great success in carrying forward the spirit of regional cooperation. I thank you all.