



# Economic Interdependence in SAARC

**India | Pakistan | Sri Lanka**

Minutes of Meeting | 21 July 2022

Phuro Innovations hosted its fourth virtual discussion on Pursuit of Political Peace on 21 July 2022, as a series of year-long engagements/ innovative solutions and research-oriented approach. The virtual meet brought together the thought processes of leaders from India, Sri Lanka, and Pakistan on the subject of “Economic Interdependence in SAARC”.

The discussions were very fruitful and following solutions/ innovative ideas were presented by the stalwart leaders.



## **Rachna Sharma | India**

*Founder of Phuro Innovations, Co-Chair of HAE India, and Alumna of Harvard Business School*

Ms. Sharma began on a note that SAARC is ready for peace, given the fact that leaders from SAARC nations are coming forward and documenting their thoughts with Phuro Innovations. She underscored that for generations the SAARC region has faced brain drain, and the support of thought leadership in the region is

a positive sign for peace in the region.

As per her, mundane problems like conflict have eaten up the region and these problems are not new. Historically the world has faced them in different times in history in different ways. However, there were thought leaders to snap nations out of these problems so that they could progress as nations and regions. She cited the example of the historic animosity between Germany and France, which in today's time form the foundation of European Union as a regional force binding nations together.

She further opined that SAARC has a comparatively more peaceful and friendly history and none of the nations were ever enemies. As per her the SAARC nations are merely facing certain constraints which need to be resolved. It is for this purpose that the project of “Pursuit of Political Peace” was initiated through which the regional problems can be documented, and frameworks can be developed to solve the issues.

She underscored that economic interdependence is a proved framework in all violent regions so far and same can be a solution for the resolving conflicts in SAARC.

Post four virtual meetings, Phuro Innovations will culminate the project into an annual event where participation from leaders across the SAARC region is anticipated. She concluded by saying that it is the time for South Asian countries to awaken and stand for our shared roots, history, genetics, culture, and a bright future.



## **Ehsan A. Malik | Pakistan**

*Chief Executive Officer, Pakistan Business Council; Alumnus of Harvard Business School*

Mr. Malik began on a note that he has spent several years working across various nations in SAARC, and in his belief there's more that unites the region than that divide. Emphasising on trade in respect of SAARC, he mentioned that less than six percent of the trade in South Asia happens with each other which is very unfortunate since most of the SAARC countries produce items where they compete with other leaving less space for the countries to export to each other. He further opined that there is a lot of potential of trade between SAARC countries and unless there is trade between the countries, it is very difficult to build relationships even though there are ancient cultural ties between the regional countries.

Responding to a query regarding social crisis within SAARC countries, Mr. Malik underscored that irrespective of the political differences amongst the regional countries, travel and tourism should be boosted to create connect and communication across multiple platforms such as culture and literature. In respect of India and Pakistan, both the countries can start by allowing people of certain age to be issued visas given the lower risk from a security point of view.

Mr. Malik pointed out that it is important for the regional countries to exchange knowledge and best practices with each other for economic interdependence. Citing the example of exchange of delegations of Confederation of Indian Industry and Pakistan Business Council across the borders, he opined that such discussions to exchange information and knowledge are vital components of economic interdependence amongst the regional countries.

Looking ahead, Mr. Malik said that as per his school of thought, direct trade between India and Pakistan will boost innovation in Pakistan and would reduce the cost of logistics and transportation against the present import of products from China.

Mr. Malik congratulated Phuro Innovations for facilitating dialogue amongst the SARC nations and concluded by saying that till we are talking, we have hope; and when we stop talking, we lose hope. A momentum towards openness and accommodation must be built and all the SAARC countries would benefit.



## **Dr. Rohantha Athukorala | Sri Lanka**

*President, Clootrack – Sri Lanka, Maldives and Pakistan; Former Executive Chairman, Sri Lanka Tourism; Former Executive Chairman, Sri Lanka Export Development Board; Alumnus of Harvard Kennedy School Sri Lanka*

Dr. Athukorala on a note that the intra-regional trade in relation to population in SAARC is considerably low as compared to ASEAN, EU and NAFTA. Expressing his concern for the upcoming recession around the globe as predicted by international institutions, he mentioned that it is vital for the SAARC nations rather than looking for debt from foreign nations or institutions,



need to contemplate on the kind of reforms needed within the countries. He further opined that the SAARC region has the best brains in the business world, but what it lacks is the integrated approach of political system and businesses in order to become sustainable economies. Citing the study of World Bank as per which the economic health 61 countries inclusive of countries or federal states within nations in the SAARC countries are going to sink the Sri Lanka way, he emphasised on the immediate need to restructure the systems, for example by reducing defence expenditure and routing the same towards other developmental needs.

Shedding light on the need to remove non-tariff barriers between the SAARC nations, Dr. Athukorala suggested that business should be driven from South of India to the industrial zone in north Sri Lanka and secondly, exports from Sri Lanka should be opened to the middle-income population in India. He also underscored that with upcoming recession in the western world, the SAARC nations should take the opportunity to minimize trading the raw material and rather trade the brands amongst the nations coupled with a political will to do so. He repeatedly emphasised on the need of aggressive thinking in the present minds and bringing structural reforms in the SAARC ecosystem.

Citing the example of the contribution of the youth in the fight against present economic crisis in Sri Lanka, he reckoned that it is time for the young generation to shoulder the responsibility of nation building, provided they are well trained and mentored.

Dr. Athukorala further underscored that the foundational structures are already in place for SAARC, with institutions constitutionalised. All that is required is to operationalize the same. As per him, even if few plans as per SAARC framework are realized coupled with the participation of private sector, they have the potential to bring ripple effects within the region.

In response to a query, he mentioned that India should be the flag bearer of knowledge exchange given the strong education system and industrial landscape.

Dr. Athukorala advised that proper data should be disseminated amongst the neighbouring nations to boost economic interdependence and avoid the rumours disturbing the business dynamics amongst the regional countries. Furthermore, he suggested that tourism should be empowered amongst India and Sri Lanka, especially in regard to spiritual tourism.

In his conclusion remarks, he mentioned that rather than giving aid to Sri Lanka, India should open the line of credit for trade and open export market for Sri Lankan products in India. In relation to Sri Lanka – Maldives relationship, he focussed on the need of boosting tourism between the two countries, and in regard to Pakistan & Sri Lanka, he pointed out the need of further strengthening the free trade agreement. In respect of Bangladesh, he expressed his contentment over the knowledge and talent transfer between the two countries; and to further the bilateral trade and tourism with Nepal.