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BANGALORE**

TERRORISM ANYWHERE WILL HURT US ALL EVERYWHERE': PM

New Delhi, November 17, 2005

"Peace in the region will benefit all. Terrorism anywhere will hurt us all everywhere", Prime Minister, Dr. Manmohan Singh said.

Delivering the inaugural address at the SAARC Business Leaders Conclave, here today, Dr. Singh said, "Our business community has a vital stake in regional security and in victory in the war against terror. It is only in peace and in stability that we can build the foundation necessary for social development and economic growth in the region." Stating that no country can insulate itself from the consequences of poverty, disease and terrorism in any other neighbouring country, Dr. Singh asserted that our lives are inter-linked and so is our prosperity and so also is our collective security.

The Prime Minister said, "We then have a collective stake in ensuring peace and security here because no investors will come to this region if there is no assurance of peace and security. To imagine that any one of us can pursue what economists call 'beggar-thy-neighbour' policies and thereby prosper is to delude oneself."

Emphasising the need to move rapidly to meet the deadline for SAFTA, the Prime Minister said, "We now need to expand the ambit of SAFTA, to include trade in services, in addition to widening the scope of trade in goods. Only then will SAFTA emerge as an effective vehicle for growth and regional integration. We hope that the Free Trade Agreement will help us to move forward, towards the eventual goal of a South Asian Economic Union." The Prime Minister also urged other partners in SAARC to reciprocally provide to each other transit facilities to third countries.

The Union Minister of Commerce and Industry, Shri Kamal Nath; SAARC Secretary General, H.E. Mr. Chenkyab Dorji; President, SAARC Chamber of Commerce and Industry, Mr. Macky Hashim and other dignitaries also attended the Conclave.

The following is the text of the Prime Minister's address on the occasion:

"It is a real pleasure for me to participate in the first SAARC Business Leaders Conclave. I welcome delegates from our neighbouring countries to this very important meeting. I sincerely believe this conclave could evolve and shall evolve concrete ideas for regional cooperation. For it is a fact that today, while the responsibility for expanding relations between nations is the primary task of Governments, increasingly people-to-people and business-to-business relations are becoming important elements in the overall architecture of interaction and cooperation. I therefore commend this effort of the SAARC Chamber of Commerce and Industry, and their partners in the national Chambers of Commerce and Industry of our region.

An important part of the SAARC process has been the effort to build interlinkages between our nations at all levels. Typically such efforts have built upon the outcomes of Summit meetings of leaders. Therefore, I think it is essential for industry and business to quickly utilize the opportunities emerging from this milestone Summit meeting which took place only a few days ago in Dhaka.

I believe that the Dhaka meeting was a milestone because it shows the continuing relevance of our group. This was underlined not only by the growing regional interest in the idea of SAARC but also by the range of measures upon which we agreed at Dhaka. The decision to invite Afghanistan to join us, and the other new initiatives proposed at the Summit, will, I believe, inject new dynamism into SAARC process. At this twentieth anniversary of our group, India sincerely believes that it is an appropriate time for a strategic 'Partnership for Prosperity', a partnership which will meet the hopes and aspirations of the people of our ancient lands for a life of dignity and self-respect.

Apart from three important agreements concluded at Dhaka to solidify the framework for regional economic cooperation and trade, a number of new proposals were put forward. Most of these aimed at identifying areas of individual strength, to share competencies with each other. This is in keeping with the spirit of effective regional cooperation. For instance, keeping in view the magnitude of natural disasters that have affected our region in the past one year, we have agreed to set up a Disaster Management Centre in India. We also offered to set up a South Asian University, a Food Bank, a satellite based tele-medicine link, and a museum of traditional handicrafts and textiles.

We have also been looking at other measures to increase intra-regional investment. Our businessmen must give priority to private sector cooperation in areas such as power generation; research and development in science and technology; and services like healthcare, education, Information Technology and insurance. We must strive collectively, in a cooperative spirit, to remove the barriers to the free flow of goods, peoples and ideas within our own region.

In this context, India strongly emphasizes the need to improve connectivity within our region, and between our region collectively and the nations beyond. This is the key to unlocking the great potential of our people and of our countries. Such connectivity is based on the inescapable logic of history and geography: we cannot undo what nature has made for us. We need to regenerate and revitalize traditional arteries of transport and communication in our region, as well as succeed to create new linkages.

In taking South Asia to the next level of intra-regional connectivity, considerable investment will be required to build the necessary infrastructure. As a first step, India has, on a reciprocal basis, announced measures to move towards an 'Open Skies' regime in our region. We are working for greater liberalization of visa regimes to benefit all areas of cooperative interaction. I am happy that we have decided to increase the number of SAARC visas issued to leading businessmen of our member states. We have also urged our partners in SAARC to reciprocally provide to each other transit facilities to third countries. These will not only link our nations, but more importantly, it will connect our region to the ongoing economic miracle now taking place in South East and East Asia. We will also link ourselves to the vast energy markets of West Asia and Central Asia. We can no longer afford the cost of seeing our region in isolation from the broader Asian context.

We are standing today at the threshold of a new dawn in the history of SAARC. Member states realize the imperative of rejuvenating our group and infusing in it a new sense of hope, a new sense of purpose and a new sense of optimism. At the same time, we also need to learn from our shortcomings that have been apparent over the past two decades. One of these has been a failure to implement projects announced. We must move from the realm of ideas to the sphere of concrete action. We must focus on more concrete, collaborative and implementable projects. Some groundwork has already been done. Interactions of the various technical committees and working groups under SAARC have produced a wealth of region-wise data. This invaluable database can help in establishing collaborative projects.

Yet despite some successes on other fronts, SAARC has not succeeded in exploiting the immense economic potential of this region. Even after two decades, intra-SAARC exports are a mere 5% of the total exports of the region. By comparison, intra-EU exports are 55%; intra-NAFTA exports are 52% and intra-ASEAN exports are 20%. Hence, the need for implementing SAFTA cannot be overemphasized. It is expected that with the free flow of trade in the region, the current level of intra regional trade will rise from 6 billion to 14 billion dollars annually within two years of SAFTA's coming into existence.

All SAARC member states are committed to an early resolution of the outstanding issues under SAFTA. We are hopeful that the ongoing negotiations will ensure that it is operationalized from the first of January 2006. We now need to expand the ambit of SAFTA, to include trade in services, in addition to widening the scope of trade in goods. Only then will SAFTA emerge as an effective vehicle for growth and regional integration. We hope that the Free Trade Agreement will help us to move forward, towards the eventual goal of a South Asian Economic Union. I do believe that just as regional integration is not anti-thetical to globalization, it also does not hurt the broader interests of any member of a regional group.

I understand the sense of doubt and misgivings among many corporate entities in each of our countries. Change requires adaptation, and movement from the status quo. In human affairs there is such a thing as the fear of the unknown. However, such concerns are not rooted in reality. For one, the fact that misgivings are generally spread out among businessmen in the entire region suggests that both positive and negative impact will be well distributed. Just as manufacturers in one country fear the lowering of barriers in one sector, there will be benefits to be derived in other sectors.

Furthermore, empirical evidence and experience within our own region points to the overall benefit derived by both sides in Free Trade Agreements. For instance, the India-Sri Lanka Free Trade Agreement has been a huge success for both countries. Sri Lanka's exports to India have grown by well over 100%, as have our exports to Sri Lanka. This has dispelled fears on both sides that free trade would hurt businesses in smaller countries. This Free Trade Area is a win-win agreement for both countries, and could be a model for similar agreements in the region as a whole. I therefore believe we must move rapidly to meet the deadline for SAFTA, and follow this up proactively with measures to widen and deepen coverage of the Free Trade Area.

Business and trade flourish in an environment of security. Therefore, it is imperative to unitedly fight the spectre of terrorism that haunts our region. Terrorism, by whatever name, has no place in civilized societies. The basic goal of terrorism is to cause insecurity. We all know that in any inter-connected region, and in our globalized world, the consequences of both poverty and insecurity are often indivisible. No country in this region can be secure when others are insecure.

No country can insulate itself from the consequences of poverty, disease and terrorism in any other neighbouring country. Our lives are inter-linked, and so is our prosperity and so also is our collective security.

This is something that business leaders understand very well. We have often seen how heightened tension and insecurity in one part of South Asia impacts upon the business environment elsewhere. No one can assume that when a neighbour is hurt by terrorism one can somehow remain insulated from its consequences. Every country in this region wants to attract more foreign investment from outside the region. We then have a collective stake in ensuring peace and security here because no investors will come to this region if there is no assurance of peace and security. To imagine that any one of us can pursue what economists call 'beggar-thy-neighbour' policies and thereby prosper is to delude oneself.

For all these reasons, our business community has a vital stake in regional security and in victory in the war against terror. It is only in peace and in stability that we can build the foundation necessary for social development and economic growth in the region. We must join hands to put our collective house in order. Peace in the region will benefit all. Terrorism anywhere will hurt us all everywhere.

For centuries, the people of South Asia have engaged in commerce with each other and with the world. We must build on our ancient civilizational and commercial linkages by renewing and nurturing the economic, social and cultural ties that bind our region together. As envisaged at the thirteenth SAARC Summit, it is on the basis of renewed people-to-people ties that we will forge stronger links, to help us strengthen the basis for our region-wise partnership for prosperity. I wish your deliberations every success."

BAE

AD:PC:HRS