IBA-SCCI; REGIONAL CONFERENCE ON INVESTMENT & TRADE

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A two-day regional conference on “Investment and Trade Co-operation in SAARC” organized by IBA in collaboration with SAARC Chamber of Commerce and Industry, was held at Karachi in January 2006. The main objective of the conference was to provide a platform where policy makers from different SAARC countries discussed strengths and weaknesses in various sectors that affect investment and trade.

Chairman Senate Mohammad mian Soomro urged SAARC countries to resolve their disputes as early as possible to boost intra-regional economic cooperation. He said that SAARC states are facing challenges in promoting an investment friendly environment reducing cost of establishing business, enhancing skills, simplifying laws and security-betterment for attracting foreign investment.

IBA Director, Danishmand argued that domestic ventures should focus on improving internal efficiencies rather than depending on external (government and donor) concessions. He stressed the need for research to promote regional ventures.

Parthasarathi Shome, chief advisor to the Indian finance minister pointed out that the SAARC region is divided into less developed and more developed countries. The more developed countries have the responsibility of sharing information and offering concessions to the SAARC LDCs. He also stressed that trade creation is more important than trade diversion. He was of the view that there should be a reduction in custom tariff rates within SAARC.

Peter Fedon, country director, Asian Development Bank Pakistan argued that trade and investment growth is essential for reducing poverty and unemployment. South Asia has low levels of intra regional trade. He also stressed the need to promote education specially in the area of science and technology development in the SAARC region. He was of the view that regional cooperation can be enhanced by removing trade barriers,
promoting security, improving connectivity (transportation) and enhancing infrastructural investment.

Gajendra Haldea, Advisor to the Deputy Chairman of the Planning Commission India, talked about a paradigm shift in public private partnerships. He stressed the need for sharing inter regional experiences. He also noted that large fiscal deficit is one of the reasons we are moving towards public private partnership in many SAARC countries.

Tula Raj Basyal of Rastra Bank Nepal said that domestic and foreign sources could improve investment. Government should provide appropriate environment for such investment.

Tariq Rangoonwala, President International Chamber of Commerce, Pakistan, said that trade cannot be stopped by government even if a trade war starts. He suggested that we should try to maintain a balance in privatization. We should not “over-privatize”, he said.

Mahmood Mandviwaala (Chairman SAARC-Law) talked about effectiveness and problems of privatization in Pakistan. He highlighted the examples of UBL and HBL. There were only two bidders for UBL, which was an excellent franchise. Even KESC had no bidders. The PTCL privatization process was full of frustrations and contradictions.

Farrukh Alamgeer Senior Advisor Bangladesh Enterprise Institute said that liberalization in Bangladesh has been gradual. Tariff rates decreased in the 1980s, went up in the 1990s and are now decreasing. Customs duty is very low but tariff and duty concessions have not played any important part in stimulation of trade. Concessions from India have however led to some positive developments. He was of the view that some causes for slow trade growth are that although tariffs have decreased but non-tariff barriers have increased. These include anti dumping measures, imposition of specific tariffs, imposition of various license requirements etc by India.

Mahmudur Rahman, Chairman Board of Investment, Advisor to Prime Minister Energy & Power, Bangladesh was invited as a guest speaker. He discussed governance infrastructure issues. He suggested that there must be a transparent and fair legal system. Stable and honest public institutions should be built. He said that we should not be simplistic in our approach regarding the infrastructure of corporate governance and investment.

Lal Kumara Gamage, Senior Advisor, Ministry of Investment Promotion & Enterprise Development, Sri Lanka, also a guest speaker, commented that good governance is important for investment. He maintained that good governance required formulation of policies and drafting of regulations. Government should consider public interest at early stages in the policy formulation process and should be aware of potential risks.
Muhammed Aslam Khan, Director SAARC HRD Centre, invited as a guest speaker, said that knowledge and skills are becoming increasingly important as sources of productivity growth. He maintained that South Asian countries have achieved much, but need knowledge and development of human capital. The human development index places SAARC countries at low rankings. He believed that the basic reason for this is that these countries have poor education and health systems.

Tariq Rangoonwala, President International Chamber of Commerce, Pakistan, spoke about foreign influence. He maintained that the national business vision has to be coherent. This is more of a legal and regularity challenge than an investment issue. About the legal mechanisms through which this can be achieved, he identified the need for multi-lateral conventions within SAARC. SAARC needed to formulate a policy framework that could encompass needs of each county. Central banks, and finance ministries will have to take a lead. Once this is done, growth of intra regional investment will be exponential, he maintained.

It is unfortunate that no academic papers were presented by IBA faculty or by faculty members of any other business school in Pakistan. This once again demonstrates the existence of a Chinese wall separating the world of business and the work of the business schools in Pakistan. It is humiliating that faculty members appear only in ceremonial roles acting as waiters and usherers at such events.

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