

**Statement by Hon'ble Dr. Ram Sharan Mahat,
Minister for Finance, Government of Nepal, at the
Third Meeting of the SAFTA Ministerial Council
(New Delhi, March 3, 2008)**

Mr. Chairman
Honorable Ministers
Secretary General of SAARC
Excellencies
Distinguished Delegates
Ladies and Gentlemen

I am delighted to be here at this Third Meeting of the SAFTA Ministerial Council. I would like to express my sincere gratitude to you, Mr. Chairman, and to the Government of India for the warm welcome and generous hospitality extended to us and the excellent arrangements made for the meeting. I am pleased to join with other delegations to welcome the newly-appointed Secretary General of the SAARC. I would also like to take this opportunity to express my sincere thanks to all the members of the Committee of Experts for their commendable work and to the officials of the SAARC Secretariat for their invaluable support.

Mr. Chairman,

It is a pleasure to note that the SAFTA agreement has completed two years of satisfactory implementation. While striving for strengthening the intra-regional economic cooperation through SAFTA, we all agree that a common ground that creates "win-win" situation for all needs to be developed. I am confident that this forum provides a good opportunity for advancing the economic cooperation and also building consensus on the ongoing process of economic integration. Our efforts will definitely pave the way for the realization of the region's potential to the larger interest of the people throughout the region.

Mr. Chairman,

Please allow me to make a few general remarks on some pertinent issues in relation to promoting greater economic integration in our region. Of the region's global trade, the intra-regional trade of persistently less than five percent should prompt us to further dedicate and intensify our efforts towards increasing the trade integration and economic cooperation within the region. Given the pace of faster integration and cooperation in other economic blocs like the EU and the ASEAN, there is no alternative except to focus on effective implementation of the SAFTA.

Second, inclusion of services in the SAFTA deserves significance. In fact, services is emerging as the most dynamic sector in all economies of the region and its share in the total trade is increasing significantly. I am happy to note that the study carried out by the SAARC Secretariat on Trade in Services would certainly help move the process of integration forward. In this context, I would like to reiterate that adequate

resources need to be mobilized to enhance cooperation on trade in services, particularly in transportation, tourism, health, education, and energy.

Third, the provision of 'Sensitive List' and its periodic review constitutes another important issue. It would be more fruitful if we agree on establishing parameters, while reviewing products for the sensitive list. It is a matter of concern for LDCs that a large number of their exportables are included in the sensitive list of the non-LDC members. Considering the limited number of exportables of the LDCs, the non-LDC members would require reducing the number of items particularly in the consideration of export interest of LDCs. So, for promoting effective integration of LDCs in the SAFTA process, the non-LDC members should be prepared to review their sensitive list prior to the four-year period.

Fourth, various non-tariff and para-tariff measures are also emerging in a trade restrictive manner, which needs serious consideration. We, therefore, need to pay greater attention to remove barriers like those related to the quarantine, standards, customs, subsidies, etc., so as to ease the free flow of trade within the region.

Fifth, trade facilitation along with transit and transport connectivity needs to be especially focused in view of the difficulties faced by landlocked LDCs like Nepal. In this context, it is heartening to note that the SAARC Secretariat has been working on preparing a regional transport and transit agreement. I believe that such an agreement will further facilitate the movement of goods and people in the process of fostering regional integration. The arrangements and facilities under the Aid for Trade should support enhancing the intra-regional trade as well as the overall trade capacity, with focus on the LDCs.

Sixth, facilitation of intra-regional investment as an important instrument for enhancing the economic cooperation among member states deserves our priority. Therefore, the conclusion of the Agreement on Promotion and Protection of Investment should be quite important. I believe that the concerned technical group would be able to finalize the text before the next Summit. Besides, the collaboration among private sector business entities and their apex organizations would become instrumental in complementing the process of economic integration.

Last but not the least, I would like to reiterate that the LDCs deserve large support in the trade facilitation along with improved market access, coupled with the developmental support as envisioned in the SAFTA agreement.

Mr. Chairman,

I believe that the deliberations in the meeting will help explore the ways and means on the issues under agenda with measurable success and come up with the recommendations to expedite the process of regional integration.

I wish the Third SAFTA Ministerial Council Meeting every success.

Thank you for your kind attention.