

India for closer integration among SAARC nations: Ranjan Mathai

New Delhi, Dec 17 (IANS) India stands steadfast for integration among the SAARC countries, but is clear that "non-economic considerations" should not be allowed to affect the functioning of commercial entities in each other's countries, said Foreign Secretary Ranjan Mathai here Monday.

In an apparent reference to the Maldives, which has scrapped its airport deal with Indian infrastructure major GMR, Mathai said: "We are clear that policies are made in each country, based on that countries' law.

"But once such policies are in place, in line with international practices, we should not allow non-economic considerations to affect functioning of commercial entities in each other countries," he said in his inaugural address at the 'Driving South Asia Economic Integration' conference, organized by CII.

He said India stands "steadfast in its support to SAARC and all its related processes" and will "continue to take the lead in pushing for greater integration of our economies".

He stressed on closer regional integration, with a focus on connectivity, among the South Asian countries as a must to tap the full economic potential of the region.

He said SAARC has "emerged as premier vehicle to carry forward regional economic plans It has sought to build on what is feasible".

He said efforts are on to boost connectivity, including extending railway and ferry services through sub regional networks among SAARC countries and also in air connectivity and telecom.

"We need to recognize each other's requirements and utilizing capacities within the region," Mathai said.

He said over the years, the regional integration among the South Asian countries has "gained in importance... to fulfil dreams and aspirations".

He mentioned the SAARC preferential trading agreement, in which he was involved during its formulation.

He said intra-SAARC trade has crossed \$2 billion, but it is less than 10 percent of the total trade. "It is well below potential as compared to intra-Asean and EU trade."

Mathai stressed that achieving full economic potential would require attention to the trade imbalances.

He also said India has offered its market to lesser economically developed countries of the region by reducing tariff lines.

"We are ready to provide anchorage the prime minister has said that our prosperity is linked to that neighbours," Mathai said.

Mentioning the SAARC Development Fund, he said it has a corpus of \$243 million, in which India has provided \$90 million. Now in addition, India has made a voluntary contribution of \$100 million for projects under social window for projects outside India.

He also said that India is spearheading efforts to finalise an agreement for SAARC central banks, for "establishing a currency swap arrangement as a baseline measure to provide funds when faced by exigencies".

He mentioned the SAARC trade fairs and cultural events as other factors in integration, as well as a food bank. The SAARC food bank is to provide food security during emergencies and by solving regional food shortages.