

Foreword

This publication is the result of work undertaken by the Commonwealth Secretariat in collaboration with policy analysts and researchers from institutions with outstanding reputations in this field. It is a fine example of our Commonwealth approach and convening power.

In recent years South Asia has demonstrated remarkable economic growth, averaging more than 6 per cent per annum since the early 1990s. During the same period, the efforts of individual countries in the region to become more fully integrated into the global economy have been effective. Measures have included ambitious unilateral trade liberalisation, mainstreaming of trade in national development strategies, and more active participation in multilateral and regional trade talks.

Trade performance of the region has also been impressive, with the value of exported goods rising from US\$65 billion in 2000 to US\$370 billion in 2013. Even when the rapid trade expansion of India is excluded, the rest of South Asia has posted a robust annual compound export growth rate averaging around 10 per cent. However, the intra-regional trade in goods is less impressive, and is estimated at only US\$20 billion. Indeed, South Asia remains one of the least integrated regions in the world.

There is now widespread recognition that greater progress towards effective regional integration in South Asia can make a very significant contribution towards accelerating economic growth, generating employment, and reducing poverty. This is particularly critical for global development since South Asia has among the highest poverty levels in the world, with more than 500 million people living on less than US\$1.25 a day.

Supporting regional trade and integration to advance economic and social development in developing countries is an important objective for the Commonwealth Secretariat's work on international trade. South Asia is a dynamic region and includes five Commonwealth member states: Bangladesh, India, Maldives, Pakistan and Sri Lanka. Its unfolding socio-economic transformation, buoyed by tremendous growth and development potential, offers immense scope for regional co-operation. Commonwealth Secretariat advocacy for deeper South Asian integration has, over recent years, included undertaking analytical studies, supporting stakeholder consultations, and maintaining collaborative partnerships with a network of experts and think-tanks working in related areas.

Broad consensus on the agenda for taking forward regional co-operation makes this an opportune moment for South Asia, and there are promising signs of strengthened political commitment. As stakeholder demand for effective regional co-operation

gains momentum, this study offers valuable contributions to the policy discourse. By presenting analyses and policy recommendations from leading experts in region, it provides a useful stocktake of the issues at stake and perceptive insights as to the way forward.

With its focus on regional integration this publication goes beyond discussions of trade expansion based on tariff liberalisation alone; it includes issues such as improved regional connectivity, investment, infrastructure, energy development, supply chains, and food security. It also includes individual country perspectives on regional and bilateral trade arrangements within the region. We trust it can be of real value to policy-makers and other stakeholders, particularly in South Asia, as they work to advance deeper integration in the region and prosperity in which all can share.

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