

Proceedings Report

LE TEMPS DE L'ACTION - Thoughts to Action

Linkfest Talk on Economic Development in Landlocked Countries Part 2

27 June 2017

Speakers:

Bipul Chatterjee, Executive Director, CUTS International

Francois Driard, CEO, Himalayan French Cheese

Kulman Ghising, Managing Director, Nepal Electricity Authority

Minh D. Pham, Former UN Resident Coordinator

Rensje Teerink, Ambassador, European Union Delegation to Nepal

Moderator:

Sujeev Shakya, Chairperson, Nepal Economic Forum

Linkfest was a platform to bring in people who believe in the concept of linkage, rather than isolation and ideate on what can be done to connect in a better way. It was a follow up to the “Night of the Ideas”, a worldwide event, organised for the first time in Nepal by Alliance Française Katmandou (AFK), French Embassy and Nepal Economic Forum (NEF) themed “A Common World”.

The theme for Linkfest was **Le Temps de l'Action (Thoughts to Action) - Landlinked Not Landlocked**. The speakers for the panel discussion came from various fields including business, tourism, government, INGO and shared their experiences on the issue of connectivity and land-lockedness in the South Asian context. They highlighted challenges to furthering integration within the region and potential solutions to overcome them.

Keynote Speaker

Minh D. Pham

Addressing the issue of land-lockedness and development in the context of Nepal, Minh D. Pham stated that though geography is a permanent issue, being a Least Developed Country (LDC) is not. He pointed out several opportunities that Nepal can leverage to push for growth and development in the coming years. By 2025, Nepal will be next door neighbours to the largest economy of the world, China, and by 2050 to the largest economy, China, and the second largest economy, India. He stressed that to be able to reap maximum benefit, Nepal should manage the rise of China while safeguarding its long-standing and strong relationship with India; but, there are several challenges to this framework.

He emphasised that given Nepal's infrastructure deficit, China is a significant financier especially under the OBOR initiative and therefore, an important relationship to manage. However, the relationship with the northern neighbour need not be a zero-sum game. Nepal ought to turn the geo-economics into a positive sum game between the two giant economic powers to pursue and achieve its development goals. Furthermore, he added that Nepal should articulate and implement a clear strategy and turn that strategy into robust diplomacy while managing relationship with China; he called this diplomacy 'infrastructure diplomacy'. Under 'infrastructure diplomacy' he listed three key messages. Firstly, the purpose of such diplomacy should be to enlarge Nepal's financial options for infrastructure development. Secondly, the diplomacy ought not to be a substitute proportion for what is currently available within the context of the relationship of Nepal with its neighbours. Finally, it should respect and preserve the principal of a positive sum game with Nepal's neighbours.

From the Panel

Bipul Chatterjee initiated the discussion highlighting that Consultation, Consensus and Collaboration are key to addressing any issue and moving forward. In this regard, he brought into attention the connectivity issue of BBIN, its importance and implications. BBIN emerged from a larger initiative called the SAARC Motor Vehicle Agreement, the failure of which paved a way for a sub-regional cooperation between the four countries: Bangladesh, Bhutan, India and Nepal. He noted that one of the major reasons for low intra and inter-regional trade in this area is challenges of connectivity – physical connectivity being a prominent one. As there will be free movement of cargo and passenger vehicles under BBIN, it will bring benefits to people on ground and help resolve the issue. Moreover, he also stressed that for trade and investment to work, along with physical connectivity a good financial connectivity is also must.

Francois Driard drew on his personal experiences as an entrepreneur and put light on various opportunities and challenges for Nepali products in the global market. He underscored that Nepal's climate and water conditions are suitable for various agro-products. With two huge neighbouring markets at arms, there is export potential as well, especially with India where bilateral agreements dictate minimal import tax for Nepali products as compared to those of other countries. In addition, beyond the two neighbouring giants, premium agricultural and agro-based products have market potential in other Asian region like Dubai, Tokyo and Singapore as well. He also claimed that the perception of Nepal in Far East Asia is better than that in neighbouring India. However, one of the biggest hurdles for Nepalese entrepreneurs to realise this potential is the simplification of process to reach the international standards and it requires working with the government. He further emphasised that more infrastructure and economic diplomacy should be the focus of the government.

Kulman Ghising focused on energy as an important aspect of regional connectivity during the discussion. He said that BBIN has a good complementarity mix in terms of energy – Bangladesh is a gas-based system and India is a coal-based system while Bhutan and Nepal are hydro-based systems. This scenario can be used to enhance energy banking system within the region.

Moreover, he talked about energy connectivity in two terms: hardware and software. From the hardware side, there is a huge potential for Nepal to connect with China with high voltage transmission lines made conducive by the short physical distance between the two nations. This in turn can mean linkage of China with broader BBIN and SAARC. The software part of connectivity i.e. market integration is also crucial, without which it is not possible to have system and cost optimisation. The BBIN countries need to have a single market with an open access to transmission connectivity as well as free trade without barriers. India has a pivotal role to play in achieving this as all neighbours are connected to India.

Rensje Teerink provided European Union (EU) as a model for regional integration for the South Asian region. According to her, the free movement of people, goods and services under the customs union created some of the biggest and fastest growing economies in the world and brought prosperity to all countries including the relatively poorer states. She also called EU a peace project rather than an economic project. However, such a successful regional integration is only possible with political will. On that note, she pointed that SAARC initiative could not take off well due to political problems between two major countries. She stressed that in the South Asian region, there isn't dearth of initiatives for regional integration – there are BBIN, BIMSTEC and Indian Ocean Association for Regional Cooperation among others; but only through political will can such initiatives move forward successfully.

The Way Ahead

The five panellists offered their niche perspectives on various aspects of regional cooperation in South Asia, and reiterated the importance of political will in making any initiative successful.

Bipul Chatterjee urged the four member nations under BBIN to identify a sector that can act as a catalytic force for integration. He noted that agriculture, education and tourism can be such sectors. Moreover, he provided the Greater Mekong Sub-region (GMS) as an example for BBIN. Like BBIN, GMS does not have a secretariat and a formal institutional structure; it is project-based and is mainly driven by initiatives from Asian Development Bank.

Francois Driard expressed that while the BBIN Initiative shows much promise, there is a greater benefit in extending the reach to countries even further, such as Myanmar and Pakistan.

Kulman Ghising stressed that there should be a shift in mind-set regarding energy. Only when energy is viewed as an economic commodity and not a strategic thing, can potential solutions be found. He also put emphasis on the importance of optimal management of water resources, which would allow for both energy security and food security in the region.

Minh D. Pham emphasised that political will and heavy lifting are crucial to spearheading and maintaining strong regional cooperation. Furthermore, he also stated that the issues of trade and commerce should not be left to the trade ministry alone; transport and other ministries should also be involved.

Rensje Teerink underscored the significance of confidence-building between individuals through diplomacy and people to people interactions to make regional integration a success. NGOs, non-state actors and civil servants should be able to engage with each other freely across borders. She also pointed out that tourism sector can bring immense benefits to the region. However, the sector is mired in several hurdles, one being the complexity of acquiring separate visas within the region. Tourism in the region can flourish if compound visa systems like the Schengen Area in the EU can be introduced.

Sujeev Shakya ended the discussion by announcing that Nepal Economic Forum (NEF) will be working with CUTS International and other regional partners in addressing some of the issues discussed in the panel and transforming them into actions. Moreover, the theme of HCS 2018 will be linking the Himalayas with the Mekong region.

Lecture at Kathmandu University School of Management (KUSOM)

As a part of the Linkfest, a talk programme for the students pursuing Master's degree at KUSOM was also organised. At KUSOM, **Bipul Chatterjee** shared his experiences linking with the work CUTS International is doing such as BBIN etc; **Minh H. Pham** provided an over-arching views on working as UN Resident Coordinator in Lao, Jamaica and Maldives and **Laurence J. Brahm** spoke on the Himalayan Consensus, a holistic economic development paradigm that emphasises the integrity of planetary ecosystems as an indispensable basis for socio-economic development.

Nepal Economic Forum is a not for profit organization aiming to be Nepal's premier private sector led economic policy and research institution. NEF strives to re-define the economic development discourse in Nepal, and works towards strengthening the Nepali economy through various activities that promote the growth of an efficient and inclusive private sector.

Alliance Française de Katmandou acts as the official French cultural center in Nepal, and as such aims to spread the Francophone culture by organizing cultural events with the support of Institut français Paris, represented by the French Ambassador. AFK was created in 1994 and promotes the French language by offering French classes that are open to all. So far, it is the only certified French Institute in Nepal.