

**Speech of Dr. Manmohan Singh, Former Prime Minister at the
Valedictory Session of "Conference on Cooperative Development,
Peace and Security in South and Central Asia" at CRRID, Chandigarh
on 01.10.2015**

Executive Vice-Chairman of CRRID, Shri Rashpal Malhotra ji,
Distinguished members of CRRID,
Distinguished participants, scholars, students, friends,
Ladies and gentlemen,

It gives me great pleasure to be in CRRID again. This is an institution that I have known for many years having been the Chairman of its Governing Body. As I stand here, I am overcome by nostalgia. My long association with this institution has provided me with valuable insights and perspectives. I am, therefore, delighted to deliver the valedictory address at this Conference and would like to thank CRRID for inviting me.

I understand that the current programme on "Cooperative Development Peace and Security in Central and South Asia", started with the support of MEA, is now entering its final lap. It has provided valuable support with its inputs and outreach to scholars in Central and South Asia. In view of human resource constraints within MEA, it was imperative that CRRID and similar institutions create a strong foundation for track 2 research and independent thinking in strategic affairs. I believe CRRID has fulfilled this role with distinction producing several valuable publications. I also hope that CRRID will continue to play this role in future.

The crucial role of think tanks and similar institutions in assisting governments to navigate the complex world of geo-politics and geo-economics in our contemporary world cannot be underestimated. This is particularly important at a time when the current international order is in flux. The rise of China, since 1980, is a defining feature of the 21st century. As the 2nd largest economy in the world today, it has given China the wherewithal to implement widespread modernization. It has also upgraded its military machine, providing growing capabilities for projecting power. The challenge before the world is to create a global environment conducive to a peaceful rise of china.

On the economic front, the establishment of institutions like the New Development Bank (BRICS Bank) and the Asian Infrastructural Investment Bank (AIIB) indicate a new trend that seeks to take advantage of China's greatly enhanced resource capabilities to dilute the influence of the Bretton Woods institutions that have so far ruled the roost in the post World War 2 era. India has rightly, in my view, decided to join both institutions. Other institutions like the Shanghai Cooperation Organization are going to play an increasingly important role in the management of geo-political relations in Asia, with India and Pakistan joining the organization.

Engagement with the Eurasian Economic Zone will open new avenues for cooperation with the Central Asian countries.

For India too, it is an era of transition and consolidation. Inclusive economic growth remains the bedrock of our country's future. Infrastructure, education, development of skills, universal access to healthcare must be at the core of our national policies. Building a strong and diversified economy will provide the basis for India playing a more important global role. Hence the primary focus of India's foreign policy has to remain in the realm of economic diplomacy.

The opportunity thrown up by low energy prices is a boon for India, as this contributes to a reduction in India's deficit on current account of balance of payment, reduction in the fiscal deficit, and also helps to moderate inflation. It is important that India takes full advantage of low oil prices to accelerate the pace of its economic development. After all, low oil prices are not going to last in the long run.

The 21st century will be the era of the rise of China and India. As this happens, cooperation and competition will go hand in hand. We are already witnessing several manifestations of these trends in the South China Sea and the Indo-Pacific region as a whole. The recent changes in Japan's Constitution giving more leeway for deployment of Japanese defence forces abroad is yet another indicator of this trend.

Geo-political risks have increased with turmoil in Ukraine and several countries in West Asia and North Africa. Competing and conflicting interests among Western and Regional powers have led these countries to support rebel groups in countries like Iraq and Syria. These rebel groups have joined hands with extremist jihadist groups to create the Islamic State in Iraq and Syria. Chaos and civil war have been the bitter harvest of the flawed policies of regime change in Arab countries, leading to unprecedented violence and human suffering, forcing Arab and Afghan refugees to flee in hundreds of thousands to Europe. The impact of these developments on a weak European economy will only add to doubts about sustained economic recovery in the EU.

The world is already watching with some anxiety about the prospects of global economic recovery, though trends indicate a slow and gradual distancing from the financial crisis and recession that set in from 2008. The recent decision by the American Federal Reserve System to keep interest rates unchanged in view of weakness in global economic growth, particularly due to slowdown in growth in China and emerging economies, is indicative of uncertainties in the global economic outlook. Groups like G-20 have to evolve coordinated global strategies to cope with the uncertainties in global macro economic environment.

Climate change and global warming pose yet another major challenge to world prosperity. This challenge has to be tackled creatively at the forthcoming Conference of Parties (CoP) scheduled to be held in December 2015 in Paris. Among the whole host of issues, the most important would be financing arrangements and affordable access to technology for developing countries. Viable strategies for sustainable energy security, laying emphasis on renewable energy sources and clean coal technologies, have to receive much greater attention in controlling carbon emissions. However, there can be no effective global arrangement without meeting the development needs of the majority of the world's population. National mitigation measures are important but ceilings on carbon emissions without legally binding arrangements for financing and affordable access to technology will be unacceptable to the majority of developing countries. A global paradigm can be constructed and is not beyond reach if all stakeholders are on board. Inflexibility and ideological rigidity must not become deal breakers, particularly on the issue of Intellectual Property Rights (IPRs).

In South Asia our attempts to build on our shared heritage and culture have often been impeded by geo-politics and by our failure to overcome the challenge of geographical and economic asymmetry. Proximity and connectivity that should have been the foundation of building strong economic linkages to build SAARC as another ASEAN have eluded the nations of South Asia. Strained relations between India and Pakistan have been a major factor in preventing the growth of cooperative regional development strategies in South Asia.

Scholars of South Asia need to ponder as to why we in South Asia move so slowly in matters of strengthening trade and infrastructure linkages when the benefits to our peoples and governments are so obvious? The connection of electricity grids has now provided benefits to Bangladesh, Bhutan and Nepal, though not in equal measure. Railway connectivity is still work in progress, as are trade facilitation measures and regulatory issues. It appears that Pakistan has chosen to integrate with China via the China Pakistan Economic Corridor (CPEC) and looks westwards towards Iran for energy cooperation. The Iran-Pakistan gas pipeline project is being revived after the Iran nuclear deal and lifting of sanctions on Iran. Pakistan has signalled that it sees much greater benefit in its northern and western economic linkages than under the SAARC umbrella. It is, however, difficult to foresee that Pakistan can ignore its links to the East. South Asia accounts for nearly 40 per cent of the world's population (1.64 billion), yet its contribution to global GDP is only 3 per cent. Hence nearly 25 per cent of South Asians live on less than USD 1 per capita per day. The potential for growth is enormous. Yet the South Asia Free Trade Agreement (SAFTA) remains hobbled and bogged down in non-tariff barriers, negative lists for trade, phyto-sanitary restrictions and poor border trade infrastructure acting as obstacles to enhancing freer flow of goods in the region. India and Pakistan need sustained engagement to realize the vast potential of benefits of liberalization of trade and investment in the South Asian region.

Central and South Asia are geographically contiguous but distant in terms of connectivity. It is so utterly obvious that an energy deficient region like South Asia that is close to an energy surplus region like Central Asia should become natural partners. Yet this has not happened though strenuous efforts have been made on the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project that could be a win-win situation for all stakeholders. The uncertain political and economic conditions prevailing in the AF-Pak region have impeded connectivity and left few options for increasing trade and economic linkages between these two regions. The International North-South Transport Corridor (INSTC) can help in developing these linkages but can this corridor compete with the CPEC? Iran is yet to fully come out of the shadow of international sanctions and its participation is the key to the INSTC. India-Iran cooperation in developing the Chahbahar port in southern Iran must, therefore, be fast tracked.

India is on the threshold of change, provided the right policies are adopted. Domestic reforms are the key to putting India on a higher growth path and giving the country the economic heft to conduct a pro-active foreign policy. South and Central Asian countries are India's natural regional partners and engaging them must be at the core of our economic diplomacy. There will be challenges posed by Pakistan's current internal situation and the future situation in Afghanistan. Geopolitics of the Indian Ocean Region will also be the fulcrum of India's foreign policy. India's policy planning structure has to be revamped for meeting these challenges and I hope CRRID will be at the forefront of institutions assisting such policy planning. I must also appeal to the Government of India to establish a coherent funding policy to nurture independent research by think tanks, as per the requirements of MEA. This will also enable the proper use of human resources and networking these institutions have developed. Building synergy in the policy planning domain through public-private partnerships will widen the intellectual reservoir for policy options.

I thank you for your attention.

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