

1. At the invitation of the Government of the Islamic Republic of Pakistan, the Eighth Meeting of SAARC Finance Ministers was held in Islamabad on 26 August 2016. The meeting was preceded by the Eighth Meeting of the SAARC Finance Secretaries (Islamabad, 25 August 2016). All Member States participated in the Meeting.

### **Inaugural Session**

2. The Inaugural Session of the Meeting commenced with recitation from verses of the Holy Quran.

3. The Welcome Address was delivered by Hon'ble Senator Mohammad Ishaq Dar, Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization, Government of Pakistan. He expressed gratitude to the Prime Minister of the Islamic Republic of Pakistan for sparing his time and gracing the occasion which symbolized importance attached to the regional cooperation under SAARC. During the address, he stated that South Asia is a region with countless opportunities and vast potential to meet the development requirements of its peoples. There is a need for a focused attention on shared goals by the national governments to realize the dream of the South Asian Economic Union. Our leaders have been continuously emphasizing the importance of enhancing cooperation in trade, investment, finance, energy, infrastructure and connectivity among the SAARC Member States. For this purpose, several mechanisms have been established to deepen the economic integration of the region and we are now moving from South Asian Free Trade Area to South Asian Economic Union. Since the last meeting of the SAARC Finance Ministers in Kathmandu in 2015, significant headway has been made in regional collaboration in the areas related to economic and financial cooperation among the Member States. There is, however, a need to intensify the efforts on reduction/removal of Non-Tariff and Para Tariff Barriers, trade facilitation measures, investment cooperation, reduction of products in sensitive lists, SAARC Agreement on Trade in Services, improvement in connectivity, energy cooperation, harmonization and simplification of customs procedures and Agreement on Promotion and Protection of Investment to achieve our goal for the betterment of the peoples of the region.

4. In his address during the Inaugural Session, Secretary-General of SAARC, H.E. Mr. Arjun Bahadur Thapa commended the Government of Pakistan for hosting the important Meeting and for making excellent arrangements for the same. He expressed his confidence that the Eighth Meeting of SAARC Finance Ministers would provide a much-needed impetus to speed up the process of moving towards South Asian Economic Union (SAEU) and give directions in this regard.

5. In his Inaugural Address, Hon'ble Prime Minister of the Islamic Republic of Pakistan, Mian Muhammad Nawaz Sharif welcomed the visiting Ministers and Heads of Delegations attending the Eighth Meeting of SAARC Finance Ministers. He stated that the increasing interdependence and the notion of shared goals and common concerns were the genesis of SAARC. By realizing the commitment of leaders that are enshrined in SAARC Charter, the region can progress and bring economic prosperity and social uplift for our generations. He stated that Pakistan fully supports all initiatives taken at the SAARC platform to advance its ideals and objectives, as enshrined in its Charter, the Social Charter and the Development Goals. SAARC must position itself to engage interested states and international organizations

to develop win-win complementarities for socio-economic progress in the region. He further stated that despite numerous challenges, SAARC has made commendable progress in promoting greater regional integration in South Asia. He emphasized that in order to make the organization more efficient, practical and responsive to the expectations of our peoples, all of us – SAARC Member States, the SAARC Secretariat and its Regional Centers and Specialized Bodies need to make coordinated, sustained and resolute efforts.

### **Working Session**

#### **I. Opening of the Meeting**

6. The Meeting was opened by the Hon. Mr. Krishna Bahadur Mahara, Deputy Prime Minister and Minister for Finance in his capacity as the current Chairperson. He thanked the Government of Pakistan for hosting the Meeting and for making excellent arrangements for the same. He underlined the importance of economic and financial cooperation and integration in taking forward the agenda towards realization of SAEU.

#### **II. Adoption of the Agenda**

7. The Meeting considered the Provisional Agenda and the Provisional Annotated Agenda, circulated as Document Nos. **SAARC/FM.08/1** and **SAARC/FM.08/2, respectively.**

#### **III. Election of Chairperson**

8. Hon'ble Senator Mohammad Ishaq Dar, Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization, Government of Pakistan was unanimously elected as Chairperson of the Meeting. In his remarks he expressed hope that with the guidance and cooperation of all delegations, we would be able to hold fruitful deliberations. The Chairperson said that concerted and time-bound efforts at SAARC platform are the only way to get the masses of the South Asian region out of the clutches of poverty and hunger. In all such efforts, the role of Finance Ministers of SAARC Member States is critical. Seven rounds of the SAARC Finance Ministers Meeting have been successfully been held so far. He wished that today's deliberations will come up with concrete recommendations on steps to ultimate goal of the South Asian Economic Union that would provide a viable way of getting the peoples of our region out of poverty and would give a new push to the multifaceted regional cooperation. He also stated that the recommendations of the Eighth Finance Ministers' Meeting would be considered by the Leaders at the forthcoming Nineteenth SAARC Summit to be held in Islamabad in November this year.

9. H.E. Mr. Arjun Bahadur Thapa, Secretary-General of SAARC expressed best wishes for successful deliberations in the Meeting.

#### **IV. Country Statements on cooperation in the financial sector among the SAARC Member States**

10. The Finance Ministers/Heads of Delegations made statements on cooperation in financial sector among the SAARC Member States and apprised on macro-economic situation in their respective countries.

13. In their country statements, the Finance Ministers/Heads of Delegations *inter alia*, emphasized the need for:

- Accelerating the process towards South Asian Economic Union (SAEU) in a phased and planned manner as mentioned in the Declaration of 18<sup>th</sup> SAARC Summit.
- Ensuring implementation of decisions recommended by the Member States at various SAARC mechanisms in order to realize the goals of SAARC Charter to promote the welfare of the people of South Asia and to accelerate economic growth, social progress and cultural development in the region.
- Strengthening regional trade through full and expeditious implementation of South Asian Free Trade Agreement (SAFTA) in order to achieve deeper integration and move towards SAEU and also to bring down tariffs, eliminate NTBs/PTBs, reduce sensitive lists for enhanced intra-regional trade under SAFTA;
- Operationalize the SAARC Agreement on Trade in Services without further delay by finalizing the schedules of specific Commitments;
- Finalize Text of the SAARC Agreement on Promotion and Protection of Investments;
- Initiate discussion on widening the scope of SAARC Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters.
- Emphasized the need for harmonization of customs procedures and documentations in the region to facilitate movement of goods across the borders.
- Underlined the need for improved connectivity in the region including through land, sea and air route and early signing of Motor Vehicle and Railways Agreements.
- Strengthen Social Window and operationalize Economic and Infrastructure windows of SAARC Development Fund (SDF) so that tangible benefits are visible on the ground.
- enhanced intra-regional investments with a view to bridge the large infrastructure financing gap in the region;

## **V. Consideration of the Report of the Eighth Meeting of the SAARC Finance Secretaries (Islamabad, 25 August 2016)**

11. The Report of the Eighth Meeting of the SAARC Finance Secretaries (Islamabad, 25 August 2016) was presented by the Chairperson of the Meeting, Dr. Waqar Masood Khan, Secretary, Ministry of Finance, Government of Pakistan.

12. The Meeting considered and approved the Report circulated as Document No. SAARC/FM.08/4.

## **VI. Review of progress in the implementation of the recommendations of the Seventh Meeting of the SAARC Finance Ministers (Kathmandu, 20 August 2015)**

13. The Meeting reviewed the progress of implementation of the recommendations contained in the Report of the Seventh Meeting of SAARC Finance Ministers (Kathmandu, 20 August 2015), circulated as Document No. SAARC/FM.08/5.

14. The Meeting noted with satisfaction that considerable progress has been made on the recommendations of the Seventh Meeting of SAARC Finance Ministers. The Meeting also thanked SAARC Secretariat for providing excellent services for meeting documentation.

15. The Meeting also requested Member States to expedite operationalization of the SAARC Agreement on Trade in Services by finalizing the schedules of specific Commitments, finalization Text of the SAARC Agreement on Promotion and Protection of Investments and initiate discussion on widening the scope of SAARC Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters.

## **VII. Record of discussions of the Tenth Informal Meeting of SAARC Finance Ministers (Frankfurt, 3 May 2016)**

16. The Meeting noted the recommendations contained in the Records of the Informal Meetings of SAARC Finance Ministers (Frankfurt, 3 May 2016), circulated as Document No. SAARC/FM.08/7.

## **VIII. Consideration of matters relating to SAARCFINANCE**

17. The Meeting noted with appreciation the activities of SAARCFINANCE as contained in Document No. SAARC/FM.08/8.

18. H. E. Dr. Indrajith Coomaraswamy, Governor of the Central Bank of Sri Lanka, in his capacity as the Chairperson of SAARCFINANCE, made a presentation on the activities of SAARCFINANCE since the Seventh Meeting of SAARC Finance Ministers (Kathmandu, 20 August 2015).

19. The Meeting thanked the Chairperson of SAARCFINANCE for the presentation and agreed that in view of larger objective of South Asian Economic Union, the action and plans of SAARCFINANCE be integrated into the overall economic integration discussions under the framework of SAARC.

## **IX. Venue and Dates for the Ninth Meeting of SAARC Finance Ministers**

20. The delegation from Afghanistan offered to host the Ninth Meeting of the SAARC Finance Ministers in Kabul in 2017, dates for which will be communicated through SAARC Secretariat.

## **X. Any other matter**

21. In order to expand the multilateral trade and economic activities among the SAARC Member States, the Meeting called for better collaboration among SAARC Member States as countries on bilateral basis in the region had taken initiatives and made impressive progress on this front and this needed to be translated at a regional level.

22. The Meeting recommended that the SAARC Secretariat may commission a study on export and import patterns of Member States within and outside the region with a view to improve intra-regional trade. The Asian Development Bank/UNESCAP/Trade Bodies in Member Countries may be approached for support.

23. The Meeting also drew attention to the weak physical connectivity in the region which added to the cost of trade. This aspect also needs to be incorporated in the proposed study.

24. The Meeting also recommended that SAARC Finance Ministers could meet on the sidelines of Annual World Bank/IMF meetings in Washington in October each year. The SAARC Secretariat would be requested to facilitate the meetings.

## **XI. Adoption of the Report**

25. The Meeting adopted its Report unanimously.

## **XII. Closing of the Meeting**

26. H.E. Mr. Ravi Karunanayake, Minister of Finance, Government of Sri Lanka and Leader of the delegation from Sri Lanka delivered a vote of thanks on behalf of the visiting delegations to the Chairperson for smoothly conducting the proceedings of the Meeting. He thanked the Government of the Islamic Republic of Pakistan for the warm and generous hospitality extended and for making excellent arrangements for the meeting. He also noted with appreciation the contributions made by the SAARC Secretariat for excellent documentation of the meeting and facilitating the deliberations.

27. The Chairperson, while thanking the distinguished delegates from SAARC Member States for their fullest cooperation in ensuring that the meeting was a success, also mentioned that the SAARC Secretariat may ascertain from Member States of a possible meeting of SAARC Finance Ministers on the sidelines of annual meetings of IMF/WB in Washington DC. The Chairperson, thereafter, declared the Meeting closed.

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### Note:

*The Meeting was followed by the 5<sup>th</sup> Meeting of Governing Council of SAARC Development Fund.*