

Pakistan-India Parliamentarians Dialogue - III

January 17-18, 2012

Islamabad, Pakistan

Joint Statement

The Parliamentarians from Pakistan and India met in Islamabad on January 17-18, 2012 in their third round of the Pakistan-India Parliamentarians Dialogue. This Dialogue was held in the background of the previous two constructive Parliamentary Dialogues of January 2011 in Islamabad and August 2011 in New Delhi. The Parliamentarians from two sides recognised and appreciated the initiative of PILDAT to foster these dialogues and urged that this initiative deserved to be continued and reinforced.

The Parliamentarians recognized the significant progress made in the furtherance of trade and economic relations during the discussions between the Commerce Ministers of India and Pakistan from September 26 to October 11, 2011 and thereafter in the 6th round of commercial and economic cooperation dialogue between the Commerce Secretaries of India and Pakistan in November 2011.

Parliamentarians recognized that many broader issues of bilateral relationship between the two countries had been discussed during their first and second round of dialogues. They decided that this 3rd dialogue should be primarily devoted to trade and economic relations between the two countries.

In this context, the catalytic role of Parliamentarians to encourage policy makers to take all necessary measures for realizing what the Commerce Ministers had recognized, as “full normalization of commercial relationship between the two countries, to strengthen bilateral relationship and build the bridges of friendship, trust and understanding – for the mutual benefit of their people and promotion of prosperity in South Asia,” was reiterated.

There was general agreement that strengthening of trade relations must be viewed in the wider context of Trade as the engine of growth, its welfare-enhancing multiplier effects which go beyond trade to improve overall life quality and confer welfare benefits to both countries. Fostering improved trade links normally based on optimizing comparative factor advantages and endowments will reinforce the on-going dialogue between the two countries and make the progress truly irreversible in multiple ways uninterrupted by any distracting aberrations.

While Indo-Pakistan bilateral trade during the last 3 years has increased from just over US \$ 1.8 billion in 2008-2009, to US 2.6 billion in 2010-2011 the potential was indeed much larger. The Commerce Ministers had envisaged enhancing bilateral trade from US \$ 2.6 billion to US \$ 6 billion within 3 years. Expert opinion suggested that their true potential was over US \$ 14 billion and indeed sky was the limit given an enabling policy and regulatory framework. These targets may not be so daunting considering that the current informal trade through multiple routes and modalities had already generated a substantial exchange of goods and services and bringing them in the formal channel would be mutually beneficial to both countries. The transition of the informal arrangements to a more formal structure needed incentive and encouragement through policy initiatives. The decision of the two Commerce Ministers for implementing the Memorandum of Understanding between India Trade Promotion Organisation and the Trade Development Authority of Pakistan to realise the trade enhancing targets needed

to be pursued. They should evolve an actionable roadmap to achieve within a time frame the target prescribed by the two Ministers.

The deeply felt desire by people of both countries to broaden the relationship and in the context of the plan and objectives set out by both Governments, it was felt that:

1. The current initiatives to complete the transition from the current positive-list approach to a small negative list should be finalized and ratified by end February 2012 and in the second stage, to further phase-out the negative list by end 2012.
2. The process of seeking preferential trade agreements within the framework of SAFTA should be completed on a priority basis.
3. The Joint Technical Group for improving physical infrastructure for trade should also complete their exercise by end February 2012.
4. Non-tariff barriers constituted deterrence in the realization of the trade potential of both sides. Based on the work of the Joint Working Group as well as the positive suggestions emanating from "Nuts and bolts trade facilitation discussion" organized by FICCI in December 2011 that had identified some tangible issues, needed further action on a priority-basis even while recognizing the non-discriminatory nature of these measures.
5. The two Governments should undertake appropriate measures for minimising sector-specific barriers as well as foster a dialogue between the regulatory bodies of both sides.
6. It was also necessary to create an appropriate grievance-redressal mechanism to facilitate clearance of trade consignments at land, sea and airports. Trade-facilitation measures for expeditious clearance of goods, harmonization of custom procedures need to be undertaken expeditiously. A customs cooperation agreement needed early conclusion. This should include valuation and mutual recognition of prescribed and approved quality standards. For facilitating this it was felt that a Group under Finance/Revenue Secretaries of both Governments should be constituted.
7. While trade constituted an engine of growth encouraging Investments by both countries would deepen economic relations. The early conclusion of an Investment Protection Treaty along lines with many other countries would enhance the confidence among the business community to undertake investment and realise the benefits of growing economic opportunities both countries had to offer.
8. Fostering linkages between private sector organisations harnessing their entrepreneurial initiatives and intra-industry trade including joint ventures would greatly enhance the effectiveness of other initiatives that are currently underway. Initiatives for enlarging the scope for cooperation and enhancing trade in some key areas like textiles, electronics and information technology constitute an integral part of a sector-specific action initiated by both sides. These deserve time-bound tangible action.
9. Trade links can not be strengthened or sustained without requisite financial and banking arrangements. It was noted with disappointment that the absence of such agreements had persisted for long. There was need to open bank branches in each others countries. Discussions between the central banking authorities must be undertaken quickly for enabling appropriate banking arrangements. Similarly permitting cross-border listing of stock indices and financial instruments should be encouraged within the regulatory framework/institutions in both countries.
10. The Parliamentarians recognized that an enabling and friendly visa regime was necessary for enhancing broader cooperation between the two countries including people-to-people contact.

11. A "Comprehensive Economic Framework" for cooperation should also be initiated to realise the full potential of economic cooperation between Pakistan and India.
12. Strengthening and creating infrastructure for improving trade links such as Khokhrapar-Monabao, Bahawalpur-Rajasthan and ferry services between Karachi-Mumbai and Gwadar-Mumbai should be created and activated. Similarly improving infrastructure for new air, sea, road and railway should be expedited. Steps should also be taken to enhance cross Loc trade.
13. International roaming facility on mobile telephony should be available bilaterally. Pakistan and India should also be connected via optic fiber link. Unrestricted direct-dialling from all areas of both countries should be available.
14. Cooperation between the two countries should be diversified to encourage tourism, sports, youth and cultural exchanges
15. Similarly cooperation in the sector of agriculture, health and education would be mutually beneficial. As both countries have comparative factor advantages in skilled manpower and are keen to realize the demographic dividend that the young population offers for sustaining higher rates of economic growth. Linkages between education institutions, particularly in the area of Information Technology, software and skill development create new mutually beneficial opportunities.

The Parliamentarians recognized that there are a number of new initiatives which had crystallized since the Dialogue commenced. They are committed to the furtherance of not only these on-going initiatives but to encourage both governments to create a climate of public opinion which can deepen our relationship. Improving trade and economic relationship will also assist in resolving a number of long-standing issues which have been mentioned in the composite dialogue process. They were conscious that progress on one area of cooperation could not undermine the need to take similar initiatives and make progress on resolution of other outstanding issues. The Parliamentarians recognized the value for their continuing dialogue both to realise the broader vision of the role that Pakistan and India could play in jointly ushering the new Asian renaissance that the 21st century offers.

As in the past the Parliamentarians agreed to appraise the respective Presiding Officers of Parliaments, Policymakers, and media about the outcome of the on-going Dialogue Process. Parliamentarians also agree to bring up these issues in their respective Parliaments and in appropriate fora elsewhere.