

**Statement by Hon. Rishad Bathiudeen, Minister of Industry and Commerce at the IOR-ARC  
Economic & Business Conference  
4-5 July 2013, Mauritius**

**Session 2: Enhancing Trade & Investment in the IOR-ARC Region**

Hon. Anand Sharma and Hon. C. Sayed Hossen, Co-Chair of Panel  
Hon. Ministers of the other IOR-ARC Member States  
Distinguished Delegates  
Ladies and Gentlemen

First of all, I wish to convey my sincere thanks to Hon. Anand Sharma, Minister of Commerce, Industry & Textiles of India, the current Chair of the IOR-ARC for successfully directing the course of our association.

I also extend my gratitude to the governments of Mauritius and India for co-hosting this Ministerial-level IOR-ARC Economic & Business Conference. It is great pleasure for me and my delegation to be in the beautiful Indian-ocean island of Mauritius on this important occasion.

The Indian Ocean Rim, which forms a distinctive geographical area consisting of coastal states bordering the Indian Ocean, is a region with much diversity in culture, race, religion, economic development, and strategic interests.

It is a commonly accepted fact that we, as a regional group, are in a better position to face the on-going political and economic challenges much more effectively.

It is also obvious that we, together, can create better synergies for exploiting more opportunities for the economic empowerment of our region. In the circumstances, regional integration of merchandise and services trade and investment should be one of the top priorities in our agenda.

The intra-regional trade among the IOR-ARC stand around 1.1 trillion US dollars, which is about 25% of the total trade of the region. However, this remains relatively small, when compared with other regional groupings such as the EU and the NAFTA, whose intra-regional trade stands at about 55% and 52% respectively.

The lower level of trade within our region could be attributed to several reasons. They include the nature of economic policies pursued by the Members governments, lower level of connectivity between our countries, poor infrastructure, and other similar constraints such as low income levels and lack of trade complementarities. However, with the gradual change in economic policies, particularly with the liberalization of economies in the region and implementation of PTAs and FTAs, the pattern and composition of trade among the region has been gradually moving from primary commodities to manufactured products.

**Mr. Chairman,**

We all can be happy that the IOR-ARC has been taking initiatives to achieve regional integration through enhanced cooperation among our governments and stronger linkages among our private sector business, who are engaged in agriculture, manufacturing industries and services.

It is very important that we work hard to reap the expected benefits of these initiatives and, thereby, bring our nations closer, both economically and politically. With the progressive liberalization of economic policies among the IOR-ARC members, I am confident that our region can realise the true potential of a wider economic cooperation as envisaged in our regional objectives.

**Mr. Chairman,**

With a cumulative population of about two billion people, the IOR-ARC is a region, which is blessed with abundant human resources. We need to seek ways and means to employ this huge labour force in an efficient and productive manner, so that our goods and services will be competitive in the global market.

Lower labour costs are one of the key determinants in attracting foreign investments. However, we are fully cognisant of the fact that cheap labour alone would not suffice to attract investment into our region. There are many other factors, which impact on trade and investment, either directly or indirectly. Improved infrastructure facilities such as air, sea and surface transport, modern telecommunication, uninterrupted power and energy, efficient banking and insurance services etc., play an equally important role in influencing investor decisions.

Also, we should not forget the importance of maintaining political and economic stability in our region, both nationally and regionally, if we are to facilitate smooth trade and investment flows in a sustainable manner.

### **Mr. Chairman**

With the restoration of peace in Sri Lanka after almost three decades, there is an unprecedented scale of optimism in the minds of our people. Supported by appropriate policies, this optimism provides a strong basis for an all-inclusive and sustainable economic development in our country.

The Government's ten year Horizontal Development Framework for the period 2006-2016, which is commonly known as "Mahinda Chintana – Idiri Dekma" aims raising our GDP growth to a rate exceeding 8% per annum. Despite the economic meltdown witnessed in our main markets since 2008, we have been able to maintain an impressive rate of growth over the last several years. We hope the global economic outlook would improve in the coming years, enabling us to realise our growth targets without much difficulty.

As you all are aware, Sri Lanka is hosting the next Commonwealth Heads of Government Meeting (CHOGM) in November this year in Colombo. In conjunction with the CHOGM summit, we would also be hosting a Commonwealth Business Forum (CBF) for the purpose of promoting closer trade and investment links. With the participation of Heads of Governments, Ministers, senior business leaders, industry experts and international agencies, the Forum, which is held under the theme of **"Partnership for Wealth Creation and Social Development: The Commonwealth, Indian Ocean and SAARC"**, will bring a business dimension to the biennial summits.

The Commonwealth Business Forum provides a unique opportunity for delegates to contribute and present key policy recommendations to the CHOGM, learn about new trade and investment opportunities, foster closer linkages with business leaders, network with key Government officials and influence a frank debate on important trade and investment issues.

The Forum is expected to attract over 1000 business and government leaders, with over 500 foreign business delegates. I wish to invite all business entities in the IOR-ARC region to visit Sri Lanka and attend the Commonwealth Business Forum, which is scheduled to be held from 12 - 14 November. I also wish to take this opportunity to reaffirm that Sri Lanka is keen in reaching out to any regional space with the objective of further strengthening our economic cooperation for mutual benefits.

Before concluding, I would like to place on record my sincere appreciation of the cordial hospitality extended to me and my delegation by the government of Mauritius and the excellent arrangements they made in hosting this important occasion.

I wish the conference deliberations every success.  
Thank you.