

Welcome Remarks
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Excellencies

The Trade Ministers of ASEAN and India,

Distinguished Guests

Ladies and Gentlemen

I want to begin by congratulating H.E. Shri Anand Sharma and the Ministry of Commerce and Industry of India for taking the initiative to organize this 2nd India-ASEAN Business Fair and Business Conclave. I also want to thank all the participants and sponsors for supporting and making this event possible.

Holding this “business fair and business conclave” in the (Asian) region is both timely and appropriate. It is *timely* because it comes at a time when restoring confidence in the region seems to be most needed, as global uncertainties continue to undermine the stability of our financial markets and economic growth. In fact it is this increasing aversion and poor sentiments that caused the volatility in capital flows, widening of

credit spreads and depreciation of our regional currencies. Thus, it is critical that investor confidence in the region is sustained if we want to move quickly out of this global crisis.

I also think that holding this “business fair and business conclave” now, where calls for more measures to develop our own domestic demand, particularly private investment, is quite *appropriate*. As we all know, the dependence of most ASEAN countries and India on external demand has been an Achilles’ heel that made us vulnerable to the crisis. As the objective of this event suggests, we want this event as a showcase of ASEAN and India’s business products and opportunities, and of ASEAN and India as an attractive market for business and investment.

In this regard, I want to commend the Ministry of Commerce and Industry of India for putting up this event – and for recognizing the key contribution of business to sustain growth of our economies. I think one important lesson of the Asian financial crisis is that recovery without growth in private investment may not be sustainable. For example, although ASEAN countries were able to recover after 1997, the recovery was not accompanied by strong pick-up in investment. Here in India, private investment is still growing below potential despite the huge markets. Perhaps this is the reason why our economies are still

vulnerable to external shocks. To be sure, the current global economic uncertainties offer us the same lesson: a domestically generated growth is what ASEAN and India need to sustain our medium-term prospects.

In keeping with the objective of this event, let me now mention a set of key priorities which have the potential of increasing investment in ASEAN and India, as well as in promoting the important role of business sector in our economies.

First, we need to maintain a stable macroeconomic climate to encourage businesses to invest and stimulate growth. So far the region has succeeded in building up our reserves and reducing our short-term external debt. However, monetary and fiscal management must be carefully maintained, particularly as countries continue to embark on accommodative monetary and fiscal policies to stimulate growth in the coming months. Prudent monetary and fiscal management is important to remove the source of vulnerability that deters business investment. We have to be transparent, strengthen our governance structures, and promote policy credibility.

Second, we have to deepen trade and economic integration. Considering that India and ASEAN are geographically distant from the

major world markets, the only way to attract investors in the region is to ensure that they can access the home markets through deeper economic integration. Given the challenges of economic globalization, ASEAN and India could become more competitive for business if, working together, efforts are strengthened to remove bottlenecks to growth, improve infrastructure connectivity such as economic corridors, and create an environment conducive for cross-border trade in goods, services, and investment to thrive. I think these are the essential conditions for countries in the region to compete in a global system.

Thus, I would like to emphasize again the importance of finalizing as soon as possible the trade in services and investment chapters of the ASEAN-India Free Trade Agreement. With a combined market of over 1.8 billion people and a GDP of almost US\$2.75 trillion and geographical proximity, the potential for ASEAN-India cooperation is immense and waiting to be further tapped. Despite the slowdown in trade flows due to the global financial crisis, India remained a major export and import market for ASEAN. In 2011, India's share of ASEAN's total exports amounted to US\$26.5 billion (3.3%) and total import share of India reached US\$ 12.5 billion (1.7%).

These developments show the deepening of the partnership between ASEAN and India in the economic front, and is in fact a product of twenty years of engagement between them. It is also a clear indication of the intertwining of ASEAN's outward looking perspective and India's "Look East Policy", which would allow us to forge deeper economic integration initiatives in the future as we view each other as natural extensions of our strategic and economic space. Thus, it is quite fitting that we are here today celebrating the 20th anniversary of the ASEAN-India Dialogue Relations. And this is the same commitment that our Leaders have renewed last month during the ASEAN-India Summit.

India's economic engagement with ASEAN Member States has been evident all these years. For example, India has been a strong supporter of ASEAN Community building initiatives such as the ASEAN Master Plan on Connectivity (including digital connectivity), Initiative on ASEAN Integration, and the ASEAN-India Connectivity in information and communication technology. Perhaps the most initiative to date of this engagement between ASEAN and India is the recent launch of the negotiations for the Regional Comprehensive Economic Partnership (RCEP). This clearly shows the rising importance of India in global market place which is definitely good for ASEAN, particularly in terms of tremendous linkages in trade, investment and finance to be created.

Finally, we need to foster a dynamic business sector. ASEAN countries and India have long committed to promote private-sector driven growth. Now is the time to further reaffirm that commitment. As such more efforts are needed to deepen capital markets, strengthen regulatory framework, and reinforce legal systems. Here in lie the responsibilities of all governments in the region to engage with the business sector as market partners. Thus, I very much welcome this “business fair and business conclave” as our concrete commitment to support the business community.

Thank you very much for your attention and congratulations again to the Indian government for hosting this important event.
