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12.13 hrs.

Title: Regarding the issue of postponement of SAARC Summit.

THE MINISTER OF EXTERNAL AFFAIRS (SHRI YASHWANT SINHA): On the issue of the postponement of the SAARC Summit, a question was raised by Shri Priya Ranjan Dasmunsi yesterday. On the 9th of December, Pakistan, which was supposed to host the SAARC Summit in January 2003, unilaterally announced the postponement of the Summit. This matter was under our consideration. I believe that this was also awaiting a response from the Government of Bhutan.

But the Government of Pakistan, on considerations which can only be considered as specious, decided to announce the postponement of the SAARC Summit.

I will take a minute of the House to share this information that, according to the Charter of SAARC, acceleration of economic growth among the member States is objective number one and the House is aware that trade is a very important part of this whole process of economic growth. The question of Preferential Trade Arrangement among the members of SAARC had been under discussion for almost fifteen years, ever since SAARC came into existence in 1985. I am raising this issue because the Summit of SAARC met in Kathmandu in January this year and specially enjoined that the negotiations for Preferential Trade Arrangement should be completed as early as possible and that the negotiations for the Free Trade Arrangement should be completed before the end of this year. So, SAFTA was to be completed immediately. SAFTA was to be completed by the end of the year. This was the direction of the Summit in January this year.

The Council of Foreign Ministers met in August in Kathmandu and I attended it on behalf of India. In that meeting, we again reiterated that the Preferential Trade Arrangement negotiations would be completed between the 2nd and 4th of September. The meeting had already been fixed. We had met in Kathmandu on the 21st and 22nd of August. The representative of Pakistan did not raise the issue of postponement of the negotiations for SAFTA. Then it was only a few days away. They agreed with the rest of us that SAFTA should be concluded between the 2nd and 4th of September. When the dates approached closer, then Pakistan suddenly informed the Secretariat of SAARC that they were not in a position to attend the discussion on SAFTA between the 2nd and 4th of September and that this should be postponed to the end of December.

Now, I would like to mention to the House, through you Sir, that the first meeting following the January Summit of SAFTA, the Preferential Trade Arrangement, was supposed to take place in February. It was postponed to March at Pakistan's behest. The meeting was held in March. Some negotiations were held and it was decided that the next meeting will be held in May when it will be finalised. The May meeting was postponed at the behest of Pakistan and they said that they would now hold it in September. So, the meeting in September was fixed with the consent of all the parties. When the September meeting came, then Pakistan told us to push it to December. The Foreign Ministers of SAARC met on the 16th September on the margins of the UN General Assembly and in that meeting, when the representative of Pakistan raised the issue of the Summit dates, I asked him this question: "Why are you postponing these SAFTA meetings? If you have a problem, please take us into confidence and tell us what your problem is." The Pakistan Minister of State for Foreign Affairs was perhaps unaware or did not want to share their problem with us. It was decided by consensus in that meeting that SAFTA meeting would be held in the first half of October. When they went back to Islamabad, they said that first half of October would not suit them. So, it was pushed to the end of October.

At the end of October and the beginning of November, when the meeting was held, you will be surprised to know that Pakistan offered us Preferential Tariffs on something like 250 items out of which 146 items were on the negative list which means India cannot export those items.

I would also like to inform the House, through you Sir, that out of about 6500 tariff lines, there are only 500 to 600 tariff lines which are on the positive list and the entire rest of it is on the negative list as far as our exports to Pakistan is concerned.

As far as our exports to Pakistan is concerned, Pakistan does not extend on a reciprocal basis to us the Most Favoured Nation treatment. Therefore, I told the Pakistani Foreign Minister that he has to come clean if Pakistan did not have any interest in negotiating the Preferential Trade Agreement. I told him that they have to tell us frankly what their problem was. In October-November meeting this is what has

happened. The SAFTA is still far from being negotiated. Therefore, we told Pakistan, we told the SAARC Secretariat, and we told the other member States that we must be able to make progress with regard to the decisions which were taken in the Summit. It is because the Summit is not a formality which has to be completed. I mean, in the earlier Summit, in January this year, a number of decisions were taken and all those decisions have to be implemented. They cannot pick up just one decision with regard to the dates of Summit and say: "This is the most sacrosanct, we must have the Summit whether we make progress or we do not make progress". This is the position of India. We did not say 'No'. We are still fully committed to the SAARC Charter and we are still fully committed to the SAARC process. It is our hope that fresh dates will be fixed for the SAARC Summit and India will be ready and willing to participate, provided we make progress with regard to the substantive issues of SAARC.
