

CUTS Secretary General, Pradeep S Mehta's Opening Speech

**15th CUTS 30th Anniversary Lecture
Monday, the 3rd of February 2014, Canberra, Australia**

**Dr Peter Varghese, Foreign Secretary of Australia,
Professor Margaret Harding, Deputy Vice Chancellor (Research) of the
Australian National University,
Professor Raghendra Jha, Executive Director of Australia South Asia
Research Centre at the Australian National University,
Dr Shiro Armstrong, Research Fellow at the Australian National University,
Dignitaries, Ladies and Gentlemen,**

Good Afternoon and a Warm Welcome to this event!

At the outset, I thank Australian National University, particularly Professor Jha, for partnering with and helping us in organising this event in Canberra to celebrate the 30th Anniversary of CUTS International, a global non-government think- and action-tank with its headquarters in India, and footprints in Asia, Africa and Europe. This event is the 15th in a series of events which have been organized all over the world and more are in the queue. Being a global organization it makes sense for us to do it at Canberra as well, in view of our close relationship with Australia.

I thank Dr Varghese and colleagues at the Department of Foreign Affairs and Trade, Government of Australia for this partnership and for their generous help in making it happen.

We are looking forward to a stimulating discussion on a subject of topical interest. And as the Prime Minister, Tony Abbott said about the need for

enhanced trade and reforms in the context of Australia's leadership of G-20 this year. All of us are eager to gain new knowledge and wisdom from listening to Dr Varghese and other experts.

I am sure it will be an enriching experience of knowledge sharing – not just for today but more importantly its application in future.

Keeping in mind the subject of today's Lecture, let me say a few words – not exclusively to set the tone but more importantly to share some of our thoughts. Given that the impact of a macroeconomic instrument like a country's trade policy is strongly distributive, such a policy instrument will inevitably create winners and losers.

One needs to look at the relationship between trade and domestic reforms in its dynamic sense. Because, the benefits of trade are not always transmitted to all the layers in an economy owing to a number of factors like limited skills and productive capacity, sub-optimal allocation of resources, weak institutional structure and less-than-optimal focus on labour intensive sectors—which is so crucial for the developing world which is deeply engaged in fighting poverty.

Given the objective of mainstreaming trade into national development, we need to have a closer look at linkages between trade and poverty. Most developing countries find themselves in a position in the value chain where they mainly export less value-added products. Linkages in respect to impact of trade as felt by enterprises, particularly small and medium, distribution channels, governments and households are to be looked at.

Given my experience in the WTO's High Level Panel on the Future of Trade (report of which was published in April, 2012), two central issues which emerged were that, firstly, people should see and feel the benefit of trade liberalisation so that there is a support for liberalisation. Secondly, there needs to be a convergence between trade objectives and other public interest goals.

For instance, there is a need to harmonise competition rules with trade rules. As tariffs are coming down, we are witnessing new types of trade-related competition distortions as well as competition-related trade distortions. The relationship between trade and regulatory regimes for enhancing competition in the market place particularly by applying the instruments of competition rules has become an important subject of future discourse on the development dimensions of trade.

Given our track record of working on trade, competition and regulations, we have developed a comprehensive, long-term programme on trade and competition policy linkages and looking forward to working with the Australian government in taking this agenda forward at regional and multilateral levels. After all a healthy competition culture helps to promote productivity, innovation and good governance.

We believe that as the composition of trade is changing from 'trade in goods' to 'trade in tasks' the private sector of the developing world will not get better access to global value chains unless there is a rules-based, multilaterally agreed regime on trade, competition policy and IPRs. For private sector development in the developing world 'market access' is no longer much of a challenge. It is becoming more about 'access to global value chains'.

In other words, as we are witnessing a new wave of globalisation over the last two decades; the application of trade policy as an instrument of development is facing new challenges. This is mainly because it encompasses much more than mere tariff rates.

It has increasingly come to encompass behind-the-border regulations including those in banking, insurance, communication, transportation, ports and larger issues of trade facilitation, and how competition in the market place is affecting and/or getting affected by regulations.

We need more effective regulatory regimes and that can happen through strengthening the relationship between trade and domestic reforms.

Thus, we need to see more closely how countries are integrating trade policy instruments with larger development goals. We have to gain knowledge and experience from successful and not-so-successful practices and examples on ‘trade-related delivery on development’.

We understand that there is much to learn from Australia’s experience in this regard. For instance, how Australia has invested and is investing in developing trade-related infrastructure, competition and regulatory regimes, human resource development, etc. by facilitating private sector development and by ensuring that a whole-of-government approach to facilitate trade with effective competition and regulations contribute to positive development outcomes.

There are successful examples from many other countries as well, particularly from the Asia-Pacific region. Cross-fertilisation of ideas and experiences always helps. We will ensure more and better application of this ‘learning’.

Currently, we are implementing a programme on Development Dimensions of India’s Trade Policy and this sharing of experiences will help us a lot – not only to juxtapose them in the Indian context but also to take that knowledge forward to the developing world, particularly in Asia-Pacific and Africa, through our strategic partners and networks.

Finally, coming to our relationship with Australia, we understand that one of the major foreign policy objectives of the new government is to strengthen Australia’s role and responsibility in fostering peace and prosperity in the Indo-Pacific region through, among others, more private sector development and holistic understanding of social, economic and environmental dimensions of sustainable development.

By synergising our activities in India and South Asia with those in South East and East Asia, we look forward to play an effective role in converging Australia’s objectives in the Indo-Pacific region with the objectives of one of the major foreign policy instruments of India – its Look East Policy.

We understand the patterns of complementarities among the sub-regions of Asia and the Pacific, particularly the bigger picture of complementarity between South Asia, and East and South East Asia. Matching of our factor endowments as a result of relative abundance of labour and capital will help us better exploring this complementarity.

Therefore, we need to strengthen four pillars of this complementarity. First, integrate markets through Regional Comprehensive Economic Partnership agreement in Asia and the Pacific. Secondly, ensure seamless connectivity through multi-modal transport networks. Thirdly, harness the potential of foreign exchange reserves and private savings through regional financial architecture for better infrastructure. Finally, coordinated response to shared vulnerability, particularly in order to ensure sustainable food and energy security.

Trans-boundary cooperation is the need of the hour. Australia can and should play a more constructive role in strengthening these pillars. The Australia-India comprehensive economic cooperation agreement will be an important step in this direction.

In this respect, let me state that we are very pleased with our partnership with Australia under its long-term programme on Sustainable Development Investment Portfolio in South Asia and looking forward to further this partnership in the area of regional connectivity and trade facilitation in South Asia. I thank DFAT for partnering with CUTS.

I know that my colleagues at CUTS and DFAT are working closely in implementing Australia's innovation in regard to 'Partnership Approach' to aid delivery. I am confident that over time other development partners will understand the virtues of this new approach to development cooperation and the Australian Model will become synonymous with Aid Effectiveness.

To conclude, I thank you once again and before we listen to Dr Varghese and other experts, I would like to take you through our journey over three decades in a film about to be shown.

I invite Professor Harding to Chair this event.