



**WEBINAR REPORT:
AIDIA-IFA-LAO-Webinar
SAARC-ASEAN on COVID-19: Impacts in the Economy**



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Director General, Institute of Foreign Affairs, Lao PDR

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Assistant Director, ASEAN, Singapore Institute of International Affairs (SIIA), Singapore

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Mr. Sunil KC

CEO/Founder, Asian Institute of Diplomacy and International Affairs (AIDIA)

WEBINAR TRANSCRIPTION

Mr. Shyam KC
Research and Development Director, AIDIA (Moderator)

Namaste! Good afternoon and welcome to the webinar entitled SAARC- ASEAN and COVID- 19: Impacts in the Economy by Asian Institute of Diplomacy and International Affairs; A foreign policy think tank in Kathmandu, Nepal and institute of Foreign Affairs which is under the purview of Ministry of Foreign Affairs of the Lao People's Democratic Republic. The aim of this webinar is to promote a collective international effort to mitigate the economic repercussions of the covid-19 pandemic. The discussion is divided into four major thematic part. In first part and second part; experts from the ASEAN and SAARC region will examine and help us to better understand the economic impact of Coivd-19 pandemic in the respective region as well as the regional policy responses. In third and fourth part, our experts will scrutinize the different facets of SAARC - ASEAN during and after covid-19 and forward some proactive policy recommendations for coordinated international response.

OPENING REMARKS**Amb. Mai SAYAVONGS**

Director General, Institute of Foreign Affairs, Lao PDR

As we are aware of the current climate situation the corona virus pandemic or Covid-19 is the world biggest crisis that humankind is facing since world war-II. The outbreak of COVID-19 started at the end of 2019 and has continued to widely spread across the world and more than 500,000 people worldwide have now lost their life, as a result of the coronavirus pandemic. Some countries are experiencing a steep rise in COVID 19 confirmed cases, while other has managed to bring the infection rate down from the peak. In addition the COVID -19 has already posed a longer-term threat to human life, socio- economy, stability and security in every corner of the world.

The World Bank estimated that COVID 19 outbreak will trigger the deepest global recession; indicates, if the restriction on movement extended and economic activity shut down are prolonged. This will result in global supply being further disrupted. The worldwide country lockdown has caused the disturbance of regional and global cooperation to a certain extent. This due to the fact that countries focus on the national public health care and economic recovery, which could result in a lack of attention towards regional and international cooperation. The Covid-19 has become a global emergency, it has toughed every continent and region on earth and ASEAN is no exception.

In ASEAN, the numbers are rising and without doubt the virus has adversely impacted ASEAN economy; in particular travel, tourism, retail and other services sectors, heavily affected. This is due to the fact that China is ASEAN's biggest external trading partner and investor. In addition, ASEAN member countries, tourist industry benefited from the huge-influx of Chinese tourists. Apart from China, East-Asia country: the US, Europe also amongst the ASEAN member states' are main trading and investing partners. Given the fact that these regions are experiencing the high infectious rate and death tolls, the overall impact on ASEAN's economy would likely to be deep. Mitigating measures such as social distancing, temporary closure of school offices and

non-essential businesses and lock down have been adopted at various decrees across ASEAN to contain aspect of COVID-19. The economic impact are thus intensified, as production stopped, businesses operation disrupted and the people's movement restricted, which resulted in losses of businesses and loss of income for workers.

Up-to-date Laos has 19 infected cases so far and only recently Lao has declared itself as a COVID-19 free country. Although we have no more new cases for months now, the impact has been prevalent. It is because of Lao, isn't not immune from global economic downturn caused by COVID19 pandemic. Before the spread of COVID-19 Lao experienced stable growth at 6.5% over the years. Lao government, socio-economic development plan for the year 2020 has originally focused its growth at 6.5% However, the impact of COVID-19 will have spin over effect on Lao's economy in the near future and could cause negative figure, due to adverse economic effect and measures imposed to contain the spread of COVID-19. Therefore to reduce negative economic impact the Lao government has laid policies and measures, including different acts and custom payment during the outbreak; as well as lowering interest rate.

However more plans and policies need to be formulated further to rescue micro small and medium-sized enterprises, in vulnerable sectors such as tourists and hospitality. We have witnessed that the impact of COVID-19 has gone far beyond synchronous can control and overcome. So, I recommend that strengthening regional and international cooperation frameworks is of essence particularly, in the area of medical research and vaccine development. Information sharing is also important in the time of crisis as well as sharing experience, lesson learnt and good practices from country that have successfully contained the spread of the virus that could be helpful for covid-19 containment in other affected territories and prevention of new communicable diseases that might happen in the foreseeable future. What's more, we should also deepen digital economy and enhance people-to-people connectivity. Today we have experts from our two regions and I hope that I can hear more recommendation arise from our honorable speakers. Finally I hope that this workshop being meaningfully can contribute to determining the measures needed to jointly address issues caused by the COVID19.

SESSION-I: COVID-19 and its impact ASEAN economy**Mr. Bounphieng PHEUAPHETLANGSY**

Deputy Director, Division of Strategic and International Studies, Institute of Foreign Affairs, Lao PDR

**Ms. Jessica Wau**

Assistant Director, ASEAN, Singapore Institute of International Affairs (SIIA), Singapore

Bounphieng PHEUAPHETLANGSY

Over the past year ASEAN has performed extremely well in terms of economic development and has become one of the world's fastest-growing regions, over the past decades with the average combined GDP growth rate of more than 6% and the total combined GDP of ASEAN member state value at 3 trillion in 2018. This has positioned ASEAN as the fifth largest economy in the world after the United States, China, Japan and Germany. Such economic growth has allowed ASEAN to make a remarkable progress in the overall poverty reduction, resulting in the substantial improvement and improvement in living condition of the people in region. For instance, the proportion of the people in region, living on less than 1.5 US dollars a day has dropped from 47% to 14% in between 1992 to 2015 and the number continued to decline in the following years. However, the COVID-19 has spread across the world reaching every continent and region including ASEAN. There is a reason why the ASEAN economy has been affected badly. Regional and global supply chains and domestic economic activity has been or being disrupted.

Moreover, ASEAN travel tourism, hospitality and other services sectors also benefits from tourist arrival mainly from China and other parts of the world. Tourism is one of the main sources of income for the region and every year more than 30 million Chinese tourists visit

ASEAN. However, once the COVID began to spread this field started to feel the impact and now tourism industry in the region has been hit hard. This is because the numbers of tourists decline resulting in income loss and increasing in unemployment rate. According to the Thai PBS News, in Thailand tourism related revenue is estimated to be contracted by 1.69 trillion but the system converts the amount into US dollars but I guess it must be really a big channel of money. Similarly in Myanmar, in early January 2019 when the Chinese President Xi Jinping visited the country, the two country Myanmar in China launched Myanmar- China bilateral cultural tourism year. In order to attract tourists from China, in order to respond to the decline number of tourists from Europe and the US. However, in the midst of the spirit of COVID-19, it is unlikely that the hop would be fulfilled.

In over the last decade, the economy has grown continuously at the rate of over 6%, just like Amb. SAYAVONGS, just mentioned, earlier in his opening remark; Just before the spread of COVID 19, it was estimated the Lao economy will grow the same rate in 2020 in over 6% growth rates. But it has been revised to 1% - or even could contract by 1.8%. That's going to be the slowest growth rates ever seen over the last three decades due to the impacts of COVID-19 and the implementation of containment measures, and other countries core projections have also been revised. In LAO, country has been successfully containing COVID-19 which is evident by the fact that there are no more new cases and no person's life have been taken by the COVID-19. However, this doesn't really mean that Laos has not been affected by the spread of COVID-19. This is because Laos's economy has been impacted by global and regional economic recession and being affected through numerous channels such as tourism, trade investment. This is due to the fact that countries not only in the region in ASEAN but also around the world imposed containment and mitigation measures including the lockdown and travel bans and closes of school, restaurant in other's public places. Since tourism and service are the sector that have been badly affected, every year the number of international tourist arrivals to Laos keep increasing. Last year Laos welcomed almost 5 million tourists but this year the number is far, very far from being comparable. It's no doubt of people working in this sector of will lose their job and therefore lose their income. This is falling to half of the influx of tourists' arrival, not only from China but also from other parts of the world that play crucial role in bringing foreign currency to Laos and creating employment opportunities for local residents. Tourism, it's accounting for 11% of total employment within the nation.

Moreover since the outbreak, there are more than a hundred thousand of migrant workers returned from neighbouring countries, especially from Thailand due to job losses and they have to return back to Laos. This have further increased unemployment rates in Laos. Being unable to go back to seek job in Thailand, meaning that is hard for them to look for a job in Laos in this difficult time. I mean a job simply means income for them, this to great extent has affected household income, livelihood. According to the World Bank, together these migrant workers will lose about 125 million US dollars. I've been seeing the negative impacts of COVID-19 on economy and other the state of society. The Laos government like the other governments in ASEAN and around the world has implemented policy and measures to reduce the COVID-19 impacts. These measures include among others tax breaks, suspension of loan payment and lower interest rate. However, these are not these only short term impact mitigation measures and because COVID-19 can produce long-term effects. That's why it's important for the all government including Laos to take following actions first. Reconnect supply chains that have been disrupted, for someone's already known. Promote ecommerce and the third increased cooperation in medical research and development aiming at advancing public health system so as to combat against the spread of COVID-19 but also to pay for the future outbreak that it's going to happen, I guess.

Jessica Wau

My presentation will just go into the impact of COVID-19; Immediate and on-going. Will take some time to take talk of how ASEAN has been doing, recognize how ASEAN is interdependent and interconnected and also some future considerations for a post pandemic recovery. So, if we look back at how ASEAN has been doing, we also need to remember that the immediate impact of COVID-19 was that it brought activity to a complete standstill as some of my colleagues have mentioned. Planes were grounded, events were cancelled, meetings like this have gone online, production came to a halt and factory floors went quiet. We've also seen that for some countries in ASEAN, this is taking a bigger toll for those that rely on tourism, specifically Thailand and for Singapore that relies on a lot of travellers going in and out and my colleague mentioned the drop in tourism numbers.

I was also supposed to visit Laos, this year but that trip was cancelled unfortunately and we know that the economic impact is not just on the travel industry but also on the hospitality industry as well and with various lockdown measures, people were encouraged to stay at home as much as possible so, all these activities that keep money flowing are suddenly void. But, there were also unintended consequences, we've heard about the supply chain shocks, so at the onset an immediate impulse of many governments was to limit the movement of goods and people, across borders and although these drastic measures had to be taken to delay transmission of the virus. It also disrupted the flow of essential goods including medical equipment, so some held on tightly to raw materials that were needed to make medical goods such as surgical masks and this actually ended up holding up production, instead of being able to distribute all these essential goods.

We also had some export restrictions, being put in place perishable goods so food was stuck at the border and those ended up getting spoilt. Oil prices crashed and this will affect countries that are mainly commodity exporters. So with sluggish commodity prices this will affect our fiscal revenues and also we look at the most vulnerable group of people. So in ASEAN, this is significant because and MSME'S, micro, small and medium enterprises are likely to be affected ASEAN, just recently released a report showing that 80 to 90% of these enterprises are makeup of total establishments and they account for a large range of total employment. So those are the informal economy it goes if you walk along the streets of Southeast Asia, you will see those who have street stalls, all their livelihoods are threatened and government so far have responded by drawing up fiscal stimulus packages, implementing monetary policy and financial measures and with health measures put in place some activity has resumed.

Unfortunately, you don't have to look far to see that some of those immediate impacts will continue to take a toll on economy growth projections, remain though and keep being revised downwards business and consumer confidence will be highly diminished. The IMF just revised both lower for the world in June, two months after they had their forecast in April and we expect that these downward revisions will continue to occur throughout the year. We also going to expect businesses to be permanently closed and workers to be forced to re-trained and re-skilled and travel restrictions will remain in the place for the foreseeable future. But this year is

not only the year of COVID-19 as hard as it may seem to think. 2020 also marks the midpoint, since the launch of the ASEAN Community Vision 2025 of forging ahead together. SIIA is actually the chair of ASEAN ISIS this year and we are putting forward a report on this midterm review which assesses ASEAN's progress towards political cohesiveness, economic integration and social responsibility. It's also worth noting that at one point ASEAN was the fifth largest economy, with potential to become the fourth largest in about a decade and we have to remember that businesses also see ASEAN as a whole. They see it as a large market with potential, but there have been some areas where ASEAN has been lacking. When it comes to trade barriers and non-tariff measures, these have increased the number and in complexity which could negate the benefits that the trade could have for ASEAN. Also, we recognize that the movement of workers among ASEAN countries still needs to be supported and encouraged and considering COVID-19, governments need to define a path for the deployment of manpower.

So my colleague from Laos, also mentioned the movements of migrant workers, we have Myanmar workers come back from Thailand, for Malaysian workers who work in Singapore. We'll need a viable long-term solution so that they'll be able to continue their work and visit their families, but this is an area where political will is needed and something that's been on going and hopefully the regional-comprehensive-economic-partnership will be signed in November. Unfortunately India is not a part of it but ASEAN has left the door open and we hope that this will continue to support the regional economic recovery. So we also have to recognize that ASEAN is interdependent and interconnected. At the beginning it looked like countries were turning inward, at the beginning of the pandemic but I think there's more recognition that we need to rely on each other and this should be viewed as strength. So when it comes to reopening economies it's not just the domestic economy but we need to figure out a way forward such that as I mentioned some workers based on their expertise are needed in other countries and I know that ASEAN Leaders are already talking about travel bubbles which will be important, maybe not so much for tourism but at least the focus would be on business travel to help kind of revive and re-start some of the economic activity in a lot of ASEAN countries. But everyone has to be on the same page, we need harmonized standards and we need governments to coordinate closely together.

Another aspect of connectivity is obviously the digital aspect, where technology has become much more important. It enables us to remain connected, it allows people to continue working virtually, it will help companies map out their supply chains using data analytics and it will also be a crucial part of reopening, not only within the country but hopefully across borders as well. Singapore has its own *TraceTogether* app, Malaysia has *MySejahtera*, Thailand has Thai- China, Vietnam has NCOVI .So, we are looking to see how technology will operate and maybe interoperability between these systems will help.

So in terms of future considerations, cooperation is what will help businesses survive and recover from this crisis, information sharing is still very important at the time when globalization is getting a bad rap and multilateralism is under threat but we also have to be aware that building resilience will be costly. So in terms of preparing for the next pandemic for example or the next crisis, well businesses will have to stockpile, we need to make supply chains more resilient. This will be costly but ASEAN leaders have recognized that there is a need to bolster national and regional academic preparedness and I hope to leave on a slightly positive note in that Asia as a whole including ASEAN, including South Asia it's a bright spot compared to other regions. It's forecast to perform relatively better so far by these international banks, but we do need to put an effort to work together. So this would require baseline efforts, among all the governments, this would require all the leaders to defend and deepen regional-economic-integration. We'd also have to ensure strategic balance and regional autonomy and also recognize the importance of social protection.

SESSION-II: COVID-19 and its impact SAARC economy**Mr. Kamal Dev Bhattarai**

Current Affairs editor at The Annapurna Express

**Mr. Kithmina Hewage**

Research Economist, Institute of Policy Studies of Sri Lanka (IPS), Sri Lanka

Kamal Dev Bhattarai

According to South Asia Economic Focus Report published by World Bank, last month, the major areas that has been badly hit by the COVID-19 in the SAARC countries is that the tourism has been dried up, supply chains have been disrupted, demands for the garment has collapsed, consumers and investors sentiments have been demoralized. This point provides a lot of information and a lot of context that how COVID-19 is impacting in this region. Though it is still difficult to magnitude the actual impact of the COVID-19 on South Asia's economy and on some particular countries, that the all countries have already suffered a lot and the World Bank report has said that there will be drop in per capita income in all South Asian countries. And another point is the growth expectations are revised downwards in all South Asian countries for example, even some emerging economies of the South Asia for example Nepal, Bangladesh, India will regard it as the emerging economies of the South Asia but they have been badly hit. Another area that the COVID-19 has affected this region is there the after COVID-19, thousands of the migrant workers, who were employed in other countries have started to return in their countries and the, it is sure that this will led to the unemployment in all South Asian countries but at the same time it is also an opportunity for the South Asian countries revive the agriculture

sector, because the unemployed youth who have returned either from other countries or who have become unemployed in their own countries can be engaged in the agriculture sector.

According to a statistics published by the SAARC, south Asia is a home of the 1.749 billion people and 67% of them are living in rural areas. Almost half of the workforce is employed, in agriculture sector which is 42% of the South Asia's landmass is under the agricultural operation. So what I am trying to say is that in the coming days there should be close cooperation in the agricultural sector among the South Asian countries and the SAARC, as a regional institution can play a very vital role to enhance the cooperation in the agriculture sector. Because what I believe is that the agriculture is one of the highly-potential areas in South Asia which can help to revive the economy of the any individual country or South Asian region as a whole. Another area that is badly affected by the COVID-19 is the movement of the people or movement of the migrant workers within the South Asia. For example citizens from one country extensively travel for seeking the job to another country. Thousands of Nepali youths travel to India for seeking the job, which has been badly hit and the several reports have shown that thousands of Nepali workers, who were employed in various parts of the India are returning to home.

The tourism sector has been badly hit and for some South Asian countries, tourism is regarded as a backbone of the economy. Mainly for example Maldives and Nepal are highly dependent on tourism for their countries GDP and now with decline in the tourist and tourism industry, their economy has been suffered. Similarly the scenario of the South Asia is that the for construction and development projects, the people frequently travel from one country to another and for example citizens of Nepal go to India for various developing and infrastructure development works. Similarly the thousands Indian citizens visit Nepal, come to Nepal for to work in the areas of the infrastructure and development projects. So due to the COVID-19 the construction of the infrastructure project has been badly hit.

I want to highlight what steps need to be taken by SAARC as an institution, as a regional body should take immediate steps to resolve the problems faced by the South Asian countries and there is a need of more collaboration and cooperation among these South Asian countries but what is happening is that the now the SAARC is in coma and there has not been SAARC summit. Similarly, the very the meetings of the various SAARC mechanisms has been badly affected and now there are not any robust institutions which can work to mitigate the impacts of

the COVID-19. There has been some efforts for example soon after the outbreak of the COVID-19 in South Asian countries, there was the video conference of the SAARC head of the governments led by Indian Prime Minister Narendra Modi which decided to form a COVID-19 crisis fund, but that didn't make much progress. In actual I don't see co-operations among the South Asian countries regarding the COVID-19. Due to the COVID-19 I feel that most of the South Asian countries are going to face a food crisis and this issue needs to be taken seriously by the SAARC. We already have a SAARC food bank, we can mobilize it or we can collect more food and prepare for the future possible food crisis but that isn't happening. So, SAARC as an institution can play a very vital role to minimize the food crisis in this region.

Another point is that the though there is less integration and the there is less connectivity among the South Asian countries, people to people movement is very high. People from one country to another country frequently visit for several purposes, for example people from almost all South Asian countries visit India for medical tour to get treatment in the hospitals of New Delhi. Due to the travel restrictions and other restrictions, the sick people from these countries are badly affected and many people are not getting the treatment. This is another serious problem faced by these ordinary people which has not been taken seriously by the South Asian countries or SAARC as an institution. Another point I would like to mention is that the COVID-19, is going to bring a lot of changes in the region. New issues have emerged, so the priority set by SAARC in the previous years may not work. South Asian countries should now work on how to reset its priorities in the region and how to tackle the new issues brought by the COVID-19.

I would like to briefly mention about the impact of COVID-19 in Nepal. The rate of the economic growth since the earthquake of the 2015 and Indian trade blockade that followed has been robust, average, on 6.95% but that has been badly affected. The World Bank has estimated that Nepal's economic growth rate will shrink to 1.5 to 2.8% this year due to the coronavirus pandemic. Similarly, according to an assessment made by UNDP-Nepal COVID-19 has disrupted supply chain, shutdown or threaten the survival of the small and informal enterprises and it has made people highly vulnerable to falling into the poverty through the widespread loss of income and jobs. As we know that the first victims COVID-19 were the people working in the informal sectors and thousands of people have become unemployed in this sector.

The remittance is regarded as the backbone of country's economy which contributes 24 to 28% of country's economy but it has been badly hit. We have seen company workers in the Gulf countries, Malaysia and India have lost their job and they are returning to Nepal. So, the volume of the revenue is going down badly, affecting the country's economy. Another vital area is that the tourism sector, tourism and hospitality sector has been badly hit. According to government estimates around half million people have lost their job due to the COVID-19. Nepal has declared 2020 as a Visit Nepal year and it has been badly affected. The impact in the tourism industry is also likely to affect country's economic health. This will all result in the increased level of the unemployment and it would be a very difficult path for the Nepal government to manage the job for the unemployed youth and if government fails to manage the job for the unemployed youth, it is likely to create other social and economic problems mainly social and political problems in Nepal. In the past for example, in 1996 when Maoist insurgency began in Nepal, they highly exploited the poverty and unemployment and if there is again poverty and unemployment, the splinter group of Maoist party led by more Netra Bikram Chand is likely to force youths who are unemployed to join their party, which will create another problems in the country. So the cost of unemployment in Nepal is very high and it is going to impact all political, social and economic spheres.

Talking about SAARC and ASEAN; obviously, in terms of the regional co-operations, ASEAN has made a lot of progress and there it has set several examples. So, SAARC can learn a lot of things on regional cooperation from the ASEAN. So, there is a need of collaborations between the SAARC and ASEAN in the coming days and along with economic connectivity, collaborations between the SAARC and ASEAN region there is a need of enhancing people-to-people connectivity, people-to-people relation between SAARC and ASEAN countries. What I always find is that we don't know each other. People of the SAARC regions don't know much about the ASEAN countries, as the same people of the ASEAN region don't know much about the South Asian countries. So these two regional bodies can work to enhance the people-to-people relation between two regions then which obviously can contribute for the tourism, connectivity, investment and areas of other economic collaborations.

Kithmina Hewage

Before I move on to impacts of COVID 19 in Sri Lankan economy I think it's important to put in context of the COVID-19 situation in Sri Lanka and particularly compared to the rest of South Asia. Sri Lanka has done relatively well in terms of containing the COVID-19 virus from a public health perspective. So, we haven't had a community spread for the past fifty or so days and hopefully and the country is more or less back to its usual kind of operations, of course albeit with social distancing and other kind of health guidelines in terms of how officers need to operate and so on and so forth. So, even schools are supposed to open up next week. So, on a public health footing, I think Sri Lanka has done relatively better than most countries in the region and in fact most countries in the world as well unfortunately. As we see some of the developed countries like the US, Brazil and some of the European countries as well. That said even though we have done relatively better on the public health front; listening to my colleagues earlier, the earlier speakers Sri Lanka is facing similar issues in terms of the economy as well. So in terms of the impact on SMEs, the impact on tourism, remittances and export sector are all common features, in terms of how it has affected the Sri Lankan economy as well.

So, I won't kind of go into too much detail about the issues because that in there those are quite common and kind of kind of clear but I'll focus more on some of the alternative policy solutions that Sri Lanka has tried to present. So, in terms of SME and informal sector those are critical area right now in terms of the economy, mainly because the informal sector and SME - Micro Small and Medium enterprises account for a significant large portion of employment in the countries; almost around 80%-85% of our employment. But the situation has revealed that some of the structural issues that the SMEs have always faced particularly in terms of access to finance. So in response to this current situation the government reduced interest rates through the banking sector, has provided low interest rates and loan guarantee schemes and so on. However, due to access to finance issues, SMEs are finding it difficult to get access to those sort of loans and there are two things. One is the existing barriers to entry into such financial markets, so they don't have collateral to get these sorts of loans and those sort of things, but at the same time the banking sector also is very risk-averse and rightly so because there is a high rate of default right now in the economy. So, even though interest rates have been lowered, even though there are loans available, SMEs are unable to access some of those loans because of the fact that some of

the SMEs have a history of default and kind of don't have the best structural incentives or structural factors that allowed them to access this sort of finance. So that's a big issue and that's an issue that has been revealed even more and heightened due to this COVID-19 pandemic and the result in economic factors.

I think broadly speaking in particularly with Sri Lanka, the big thing that needs to be noted is that Sri Lanka is operating with a very narrow fiscal policy space, because as has been very well reported we have a high rate of debt, our fiscal deficits have been increasing over the years and over all the government has very little physical space to provide things like subsidies, to provide things like bailouts and so on. As a result most of the policy options have been directly through the banking sector, so that is why the banks are quite risk-averse right now, because a lot of the burden of trying to stimulate the economy has been shifted to the banking sector and is trying to be done through monetary policy rather than fiscal policy. So these are through printing money, one kind of the efficacy that can be up for debate, through reducing interest rates such as bank loans and so on. It is absolutely a big issue.

Second in terms of the tourism sector, I think unfortunately the Sri Lankan tourism sector was already trying to recover from last year's Easter Sunday bombing that had an impact on our tourism sector. 2020 was supposed to be the year that the tourism sector kind of recovered from last year's atrocity and now this has had a double whammy on the tourism sector. So, not only is this affecting a hospitality industry and tourism industry but this is also affecting quite a lot of informal establishments that depended on the tourism sector for income. So that is a big issue; now the government initially was planning on reopening borders on the 1st of August, but now that has been delayed further, indefinitely at least for now because there is a concern that reopening borders would bring about a second wave of COVID-19 cases. There were two broad kinds of policies that are kind of being discussed right now. One is in terms of the travel bubbles and I know ASEAN in particular has been talking about this, the likes of the European Union has just now announced if I'm not mistaken about 15 non EU countries that they are opening their borders to New Zealand and Australia and so on. So Sri Lanka was initially trying to kind of enter some of those bubbles that is discussion to try and maybe potentially integrate into an ASEAN bubble, if possible because the South Asian bubble is not possible right now because, India and other countries in the region are still suffering from high rates of COVID-19. So,

SAARC regional bubble is unlikely but given Sri Lanka's public health situation, I think the government and the country as a whole and the tourism sector as a whole is looking at an option of maybe joining other regional bubbles, such as from ASEAN and there are also lobbying maybe to try and enter into a regional bubble with the European Union and so on. So, that is in terms of kind of border closures and border reopening, however this is assuming that demand for tourism and demand for travel will increase once borders are opened because there is a high rate of risk aversion and people don't want to travel because they realize that more global travel increases the risk of COVID-19 infections. So will reopening borders necessarily create the sort of stimulus in the tourism sector? Probably not, at least in the short term. So, that is something that the tourism sector will have to contend.

The third aspect that I want to touch is in terms of the export sector. Sri Lanka's exports are mainly in things like garments and apparels and we depend heavily on the US and the European markets. As we've seen unfortunately, the American and the European markets are also going to be some of the hardest hit markets because those regions, the US in particular, is still suffering from high rates of COVID-19 and some of the southern states for example might go into a second round of lock downs over the next week. So the knock-on effect of this is, that if there is a longer term recession in the US and European markets, this is going to affect demand for Sri Lanka's apparel exports and this is going to have a disproportionate impact particularly, on female employment because female employment in this sector is high. I think it accounts for about 70% of total employment in these sectors. So I think when we look at the economic impacts, it's also important to look at kind of the inter-sectoral impacts of this and how it impacts kind of female employment minority employment and so on as well as the broader kind of macroeconomic aspects of it. One ending on kind of a more positive note some of the apparel sector companies, at least the big ones have been able to successfully at least in the short term to transform some of them manufacturing networks to manufacture medical garments and kind of medical exports. So things like, PPE kits, things like masks, hand sanitizers and so on. So, that is an aspect where even though demand for our traditional exports might fall or likely to fall I must say, some of the bigger export sector companies have been able to reform their manufacturing processes to try and cater to this new demand, that is occurring in the export sector. So, that is kind of the broader aspect of how it is impacting the Sri Lankan economy.

Overall I think the two for Sri Lanka's economy is; one that we are operating within a very small and narrow fiscal space, so the government is unable to kind of spend as much money as it would like when it comes to subsidizing companies or helping giving unemployment benefits and so on. Secondly, there is a parliament election coming up in in the beginning of August which means that some of the tough decisions or maybe unpopular decisions might not be taken in the immediate term and they might brought in once the election is done, because as we all know within kind of the Asian context and maybe broader world context as well global politics. Politics tends to trump- economic policy, when it comes when it gets closer to elections. Some of you have already discussed things like supply chains and so on so I won't touch on those things but those are that's kind of the broader view of how COVID-19 has affected the Sri Lankan economy and some of the policy decisions and policy options that Sri Lanka is looking at, in terms of how to recover. So, even though we have successfully contained the public health aspect of this, the economic challenges are going to be quite tough and kind of Sri Lanka is going to face, a tough phase next couple of months in the near future.

SESSION III- SAARC and ASEAN relations during COVID-19



Dr. Sreeradha Dutta

Centre Head and Senior Fellow, Neighborhood Studies, VIF, India



Dr. Juita Mohamad

Head of the Economics, Trade and Regional Integration Program, ISIS Malaysia, Malaysia



Mr. Him Raksme

Research Fellow, Cambodia Institute for Cooperation and Peace, Cambodia

Sreeradha Dutta

It was a pleasure listening to all the other speakers and panellists and I especially believe with my two South Asian colleagues, as to how they see the region growing ahead. So, I will delve a little bit on the first few minutes about SAARC per se, and of course touching on aspects about India and then try and see how SAARC and ASEAN can work together. I'm going to be frank and say that you know despite, many works which has been done earlier in the past, there haven't been too many occasions, I mean while many of those South Asian countries individually have good relations with countries in ASEAN, but even in the ASEAN, as you know there is a milestone coming on. Also, well India has exclusive relation with ASEAN but as a group South Asia has really not had much interaction and I hope this is the beginning of

something, you know all of us are going to take good here to recover and I'll actually thank AIDIA for actually this initiative where it's time for us to actually kind of ask a little more questions as to how we think that we could work together. The reason I say that we need to work together is because, as we've heard every economy is very, you know, has been affected, every single economy in some way the others. Some are struggling like India for sure many aspects has been brought out and I'll also get into that but at the same time what I was thinking is that you know we would start learning the good practices and there's plenty to learn from ASEAN. So if we could do that you know in a form of exercises, there what the best practices that they offer are and how we as South Asian nation can also learn from them and see what the other areas that you could work on are.

I think Mr. Bhattarai has delved on SAARC a lot but let me just also say that every single country, barring of course Bhutan and who hasn't been affected so much. All the governments have been trying to control the spread of pandemic. The collateral damage of this outbreak has been the havoc that has been created on the economy and the cost of the economies of the region is going to be inevitably very long. I mean we don't really know at this point of juncture, as to how long and I have a very modern resume for three years for us to, you know come back to any kind of semblance of order I would say, especially I'm talking about India here. Very typically and I think the point my colleague made about how Sri Lanka has coped they much better because of the public health sector, is certainly ahead I think Bhutan and Sri Lanka certainly ahead of us in terms of other countries in South Asia, but in India we've seen that it seems that it's really stretched and I think some of you are following the news, there's Six-lakhs figure and they are huge outbreaks on a daily basis. One can discuss figures as to how it's only the ten cities which contributed to 90% of the cases and all of that. But the point is that every city is struggling and for a region which had for very long hovering in the bracket of 5. I think the regions shared in the World Trade are also pretty low, there's going to be a drastic drop at this level now. There's a signifying of population who lives below poverty line in in the South Asian region. In India, I think, statistics just came up a couple of days ago, that we've got now 12% plus in that below the poverty level, which actually tells you how drastic the situation is and this is when, we really don't have all the data out there.

I think Mr. Bhattarai also talked about how the South Asian economic focus has you know, given us some data and statistics. They're actually predicting that there'll be a fall of regional growth through, something like 1.8 % which was predicted to be 6.3, 6 months ago. So these are some of the worst case scenarios of the region is experiencing and how it is struggling with. Of course, there is a mention of the initiative, where Prime Minister Modi in terms of the COVID emergency meeting. I just want to slide the segment here, that there's nothing news about coma which I do agree that a part has been in coma for a variety of reasons but the point here is that when Prime Minister Modi, did called the meeting you would see that every country actually responded positively and on the other hand while Pakistan was the only country which wanted to you know, send the funds through the SAARC Secretariat which I would probably say under the Union Cell Council circumstances would actually seem appropriate but in South Asia region, nothing at this point of time is normal. So these are very trying conditions but at the same time in terms of the COVID emergency fund actually, each country has worked closely in terms of supporting each other, whether the pharma sector and other supplies, food supplies as well as with the region together. It hasn't been again that's not the point in South Asia is. And again I think we need to take a leap out of the ASEAN way of functioning and that it's not possible for all the eight countries to work together, because every country whether it's Afghanistan whether its Nepal, Bhutan, Sri Lanka all of us are in different stages of pandemic. So, it has to meet kind of work bases and it's impossible to you know, come up with one kind of a flat solution for all. I think that's realization, while we do understand is for unanimity principle works but again we must remember that SAARC also has a sub-regional aspects and that's sort of what I'm going to focus on when I talk about how it's possible to work together with ASEAN.

So, the first main aspect that I see here in South Asia particularly India is that the community health system, which really is something that everybody all the South Asian neighbours need to work together on and while, there has been some sort of collaboration in terms of Pharma and other needs and in including food and stuff like that. But I think India again, like many other countries in South Asia, the spending on public health has been very low and despite the fact Prime Minister Modi had launched some new programs, but even then it hasn't come up to the level that the country needs and right now with this kind of situation I think that's one aspect because certainly unfolding drastically and again we know in South Asia- India has been a huge medical destination for friends from Bangladesh and friends from Nepal, from

other countries and this is something, again where it's possible that, there we see greater collaboration. I think this is, I mean the only good takeaway from COVID experience, I would say is that all of us must stop here to understand that how we need to re-invent the public health sector because that I think and colleagues from ASEAN also talked about it, these are the things that we need to be prepared in future. It can't take us you know unawares that it has just now and how we are struggling. If we take lessons from this, I think it is possible for us to hear ourselves better for the days ahead.

I would actually say about SAARC is that we've seen that we've not been able to implement the Free Trade Agreement which was maybe the primary goal of SAARC when it was formed in 1985. So I think it's time to shift the gears and there was attempt by all of us but at the same time every country in the neighborhood wants SAARC to function. And there is no two ways about that. There has been some kind of issues on certain areas but there is no two ways about the fact that every single neighbor of us in South Asia, thinks that SAARC is you know critical to the functioning of South Asia and I think we'll have to find a way to how we can. And for me I think working in small clusters and making sub regional themes is actually more actionable. While I'm quite aware of the fact that the BBIM process which was a very simple seamless- vehicular movement has faced in ordinary delays. I'm aware of that but, again I would say that let like the lessons drawn from there you know make the future negotiations better.

Another aspect of this, just reading a report the other day by World Bank which was I think two years ago in 2018 report which actually has focused largely on public health and education contributing to sustaining the development and growth. Somehow there is a kind of a misnomer here that if the government spends in public health, there's nothing that you know it doesn't grow in terms of your wealth but it was actually, detailed out and then this is particular to South Asia that we need to again, this has to be the marker for where educational and public health is something that we should get more closely.

Also another point I would actually say that we've often seen in SAARC, I think the heavy handedness of the involvement of the government sector has actually held SAARC back. And I think here we need the other stakeholders to join and I think these effort by these think tanks like us the fact that we are exploring issues here, it's important that other stakeholders like the civil society, the public sector, the corporate sectors. Why government will invariably

provide you the platform but we have to ensure that other kind of movement starts off and I think that's where we can. We don't necessarily have to take in large aspects and issues but if you can focus on maybe two or three which is common to some of us and I think we could do is form different clusters within SAARC and within ASEAN. It doesn't mean that entire ASEAN and entire SAARC works together, it doesn't work, it's not possible to work like that. These have to find smaller clusters and take the way ahead. So basically what I want to do here is identify, the problems and how do we create a big better working atmosphere. I mean we've seen frankly that there is very little synergy a within SAARC itself and also to put SAARC and ASEAN on a platform together as I said, individually a lot of countries I know Bangladesh has very robust share of relation with Malaysia and Singapore. I know Nepal has a very robust relations with Singapore and Thailand. Sri Lanka works very closely with Malaysia, Philippines and Thailand. India, of course, is working closely again both ASEAN as a group and many of the ASEAN countries. So, while each of us have close relation to have a cluster ahead and I think we should take six months from here, today now that this has been initiated by you. Whether, we can identify the small clusters. Some of us who are working in common areas and I think there has been talked about you know, apart from the public health sector, textiles and other common issues have been talked about on and it's possible to see whether we can see their sub regional possibilities ahead.

We also know that and we face the similar past of manner of functioning is very different between SAARC and ASEAN. It's a mind-set issue, the implementations issues there are whole lot of other issues but again as I said we have to learn the best practices from each other and I think there's a lot to learn from how Southeast Asian countries actually function. Even in Southeast Asia, if you know, we've seen and some of them have been touched upon by the speakers, which they had seen very high FDI flows in 2019. It's going to be a suspension of that and already has in fact and you know these lockdown measures has actually created a lot of issues in terms of the automotive industries, in terms of the other joint venture capital, intensive manufacturing industries in the region as well as of course electronic parts and several of these other issues, not to mention apparel industry which is close to a heart both in South Asia and Southeast Asia. The supply chain disruptions has really created havoc here and here I actually want to flag the issue of China, many of you probably following the protocol issues that India has facing but even before that you remember, Prime Minister Modi had launched the 'ATMA-

NIRBHAR’ program which basically also tells you that you know for us we've been strongly dependent on the Chinese economy and it's about time and not only, but for many of the factors that Mr. Bhattarai and others have identified that our remittance has, huge billion that we earn from the Middle East countries and other countries, it's really come down very sharply. There's huge unemployed labor, which is that you know, sitting at home in India, not only the internal migration issue but also the external workers who've come back. There's huge attrition in every corporate sector. There's something that we really need to look at these new synergies that are being built and we see how it's possible to even provide a minimum level of employment and of course, there are other you know insurance systems and other things which have been talked about. But at the same time we do understand that huge numbers need to be absorbed in the economy.

They're two particularly, maybe one, that I will actually talk in greater detail. One is the agricultural run; I think again that has been discussed at some point. The food processing sector again, that's one area that Bangladesh and India has worked closely on at certain levels. But I was just looking at the whole geographical spread and you know while right now the *Kaladan* project is almost near completion but India's facings and political issues with our economy but it will take off. But I was saying and I'm sure they'll be a tie that will also be stabilized and the finally I think the *Kaladan* project will take off. This is actually going to be a bridge between the South Asia in the Southeast Asia. If you recall Northeast region for us, is something that you know has been isolated not only from the neighborhood but also from mainland India but the kind of infrastructure development that is taking place in the Northeast region, the kind of core development that's happening of course, the kind of cross-border infrastructure that India is building with all the our neighbors. It's possible to examine this particular area where again food and food processing is a core and again there's a study, I think by one of these institutes which actually said that food processing sector on a very minimal amount of investment of 10 lakhs which is really nothing. Our corporate guys earn, 10 lakhs a month if you put in 10 lakhs, that amount will be and the employability factor within 10 lakhs of food processing sector outcompetes everybody else and this is not something that also this region actually, if you look at North East and the overlapping region of Bangladesh and Nepal-Bhutan as well as Myanmar. It's a terrain that we are able to have regional values change and I'm not going to get into detailing this round. I'm hoping that they know we can talk of this a little more but there are other several

of the issues and I think connectivity and education, skill development, health care many sub issues that we can actually discuss in greater details and I think I close in here but I'm saying that let this be the initiation of a more detailing, kind of subtext that we form between the two regions and I know there is possibilities ahead. Thank you.

Juita Mohamad

I'm here to present and share my comments on youth unemployment and covid-19. So, this is a bit of a case study from Malaysia which, I think is also very much similar to other countries, who are developing like Malaysia. So, for your information, in 2018, the huge unemployment rate in Malaysia was at around 11%, which is much lower than the regional average of its peers in Asia and also in the Pacific. But what is our concern is that in Malaysia we have the third highest youth unemployment rate in ASEAN and this is after Indonesia and Philippines and for an upper middle-income country, priority should be given to solve this issue especially when we're aiming to be a highly-industrialized country in the next few years. So graduate unemployment size is usually around 300,000 to 350,000 every year in Malaysia but due to pandemic it has stood to almost 30% which is very worrying and these are in the data on those with tertiary education. We found that teenage jobseekers before the pandemic were 1.7 times more likely to lose their jobs than young adults of 20 to 24 years old. Again these youths are almost 5 times more likely to be unemployed than the labor force-population as a whole. So, again this is an observation made in 2018, when the economic growth was more encouraging than it is now. On that observation, you can only assume, it will be much worse during this pandemic crisis. So, given that the teenage workers are between 15 to 19 years old with only secondary-education at best, they are more vulnerable, as they are considered as unskilled workers with lower wages and lower-bargaining power and are somewhat interchangeable or replaceable due to the abundance of unskilled workers we have here compared to skilled workers in Malaysia.

So, again this is about the same for other developing countries in ASEAN and also SAARC. So, as I mentioned graduate-unemployment is on the rise to 30% and given that the firms and businesses are now in survival mode, they are unlikely to hire fresh graduates this year, due to the pandemic. So, I believe again, this is very much the situation in other countries in

ASEAN and SAARC, as well. So, what should we do? So, at a country level, there needs to be a deep reform in our education system for Malaysia, especially. The unemployment issue among the youth will not only be solved with just having more jobs. The issue here is creating the right jobs. So, for the last few years we saw that semi-skilled and also low-skilled jobs were more available than skilled jobs in Malaysia. So again this has led to the issue of underemployment among our youth and workers in Malaysia in general. So, the quality of our graduates and the skills that they are equipped with upon graduation is vital, so that they are more employable to our industries which again should be shifting to more automation and more digitalization in the future. A Survey by the World Bank and also *TalentCorp*, a few years ago, mentioned that our graduates are not really employable because of the skills that they're lacking, because of the lack of communication skills, especially and also because the university programs are not very reflective of the current realities on the ground.

So, again I believe improvements in quality of debate are important for reforms. Again and this is to be home grown but what is more important, I feel is that it needs to be supported by the region, through labour mobility. The movement of skilled workers among ASEAN countries need to be supported and it needs to be encouraged, even with various MRAs (Mutual Recognition Arrangements) signed for different professions, skilled workers who are actually tapping on these platforms, they're still very much minimal. So to date, even though not encouraged the movement of unskilled workers remain high compared to the movement of skilled workers. So, here my last remark would be to ensure the increasing participation in high value-added and knowledge-based activities is able to take place within ASEAN as a whole. Skilled workers within ASEAN need to be encouraged to support industries that need them the most, even if it is beyond their national borders. So, again the signing of MRAs has proven enough the movement of skilled workers and given our past record so, this is where political will is very much needed. So, I feel that with labor mobility, underemployment issues can be solved and youth unemployment could be managed in the future for countries like Malaysia in ASEAN and also beyond.

Him Raksmev

ASEAN was established in 1967, by five founding members such as Thailand, Singapore, Indonesia, Malaysia and the Philippines. Later saw another five countries in Southeast Asia to join soon namely Brunei, Vietnam, Myanmar, Laos and Cambodia, whereas SAARC was incepted in 1985, by seven South Asian countries namely India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives. In 2007 Afghanistan was admitted to become a member of this regional organization. 2020 is marking the 22nd anniversary of the relationship between ASEAN and SAARC, when they held their first ministerial meeting on 25th September 1998 in New York in the matching of the UN General Assembly. At least two work plans at the sectorial level have been waged between, the two namely ASEAN-SAARC, secretarial work plan 2004-2005 and another one 2008-2009 work plan, which cover a lot of cooperation area including trade, investment, energy health, agriculture tourism, drug and international crime etc. However ASEAN and SAARC cooperation can be observed well. No more were plans have been publicize beside above mentioned work plans, no high-level meetings have also been publicly held between two organizations lately, the reason can be varied, including research constraints and internal tension among member in SAARC, desire to frequent work of meetings. Despite elective inactiveness of SAARC, two of its member India and Pakistan are active dialogue partner in ASEAN. A series of frequent meetings and cooperation between ASEAN and India as well as ASEAN and Pakistan had taken place although with limitations.

Now let me talk about the cooperation between ASEAN and SAARC, during Covid-19. As noted earlier with less frequent high-level meetings and no follow-up work plans recently between the two organization ASEAN and SAARC had not have any publicize institutional cooperation during the COVID-19 pandemic but it is also worth noting that some SAARC members such as India had provided a system to some ASEAN member such as Cambodia. However, the arrangement is made under bilateral deal, not ASEAN-SAARC cooperation framework. However, I want to draw your attention in this regard, interestingly the COVID-19 pandemic has posed a renewed-momentum for SAARC. At about, seven years of no high-level summit SAARC country leader were able to convey again in March 2020.

SAARC COVID-19 Emergency Fund was established with the total of amount 20 million dollar where Afghanistan contributed about 1 million dollar, Bangladesh 1.5 million dollar,

Bhutan 1 hundred thousand dollar, India 10 million Dollar and also serve as the main chair of the fund as well and Maldives 2 hundred thousand USD and Nepal 8 hundred thousand and Pakistan 3 million and Sri Lanka contributed about 5 million dollars. So, SAARC countries, in addition to the emergency fund, they also removed barrier among each other on trading essential goods such as medical equipment to fight against the covid-19 pandemic. In addition, SAARC also set up informational website to track and share best practice on combating with the pandemic situation among the Member States. So, it is an interesting move by SAARC countries and I would like to congratulate the SAARC countries for that. And meanwhile, ASEAN leader, also met several time and also with their dialogue partners such as the United States, China, Japan, Republic of Korea, Australia and EU, on how to combat COVID-19. A number of statements issued but concrete action on the ground remain to be seen. ASEAN also proposed to form COVID-19 emergency fund as well but discussions here and the way and relevant agencies are still discussing until now.

So in the wake of such limited cooperation between ASEAN and SAARC, during the COVID-19 crisis, I'd like to share my views on way forwards, that then the two regional entity came to only explore and undertake together. First, ASEAN and SAARC should exploit this critical moment to upgrade their relationship to high-level summits, with SAARC revitalization and the new momentum the upgrade move formerly held the ways for frequent meeting and follow-up collaboration, such as healthier collaboration. Second, due to the current momentum, SAARC should initiate a joint declaration on SAARC-ASEAN COVID-19 respond to affirm their commitment in cooperation and mutual support, in containing the spread of COVID-19. Joint efforts toward the post COVID-19 recovery should also be incorporated, in the statement. In conclusion SAARC-ASEAN cooperation has been limited during the COVID-19 crisis although this trend has not been new during the course of a 22 year relationship. There is a need that both sides see the importance in collective actions, against this borderless pandemic. ASEAN and SAARC, two organizations which combine two billion populations should seize this moment to work together and upgrade nation that are going to be emotionally and statically beneficial for both sides in the long run.

SESSION-IV: SAARC and ASEAN relations post COVID-19



Dr. Masuma Hasan

Chairman, the Pakistan Institute of International Affairs (PIIA)



Dr. Chu Minh Thao

Deputy Director, Center for Security and Development, Diplomatic Academic of Vietnam, Vietnam

Chu Minh Thao

The world is going through a difficult, uncertain and unpredictable time ever and the covid-19 has put risks to lives of billions of people, resulting in nearly 10 million cases and half a million dead all over the world so far. The consequences are devastating with the global order, uncertainty and global economic-recession starting in February 2020, affecting the lives and livelihoods of most of the population in the world. This is a location of millions of people increases for security, gender violence and out-of-school children and rising issues of traditional and non-traditional security. This situation is partly attributed to the like club of global leadership and shortcomings in global cooperation and international organizations to formulate a global response to combat the COVID-19. As most of the members of South Asian Association of Regional Cooperation: SAARC and the Association of Southeast Asian Nations: ASEAN and developing countries. The SAARC is in a more serious situation due to a higher level of poverty in comparison with developed countries. On top of this, there is a security issue, raised and placed at the land border in the case of South Asia. All of sea, in the case of South China Sea and given, this fast changing uncertain global and regional context, it is timely to reintegrate the

bilateral relationship between SAARC and ASEAN, to strengthen their cooperation and promote the roused voice in the world arena.

Both organizations share our traditional relationship starting with the first ministerial meeting in 1998 and agreeing to hold annual meeting ever since. The areas of cooperation have been expanded from four key areas of cooperation in 2002 including FTA, HIV's, tourism, poverty elevations, to cover larger areas as recorded in the work plan 2008-2009. For instance, trade and investment, energy, health, agriculture, tourism, drugs and transnational crimes and poverty elevations. These traditional relationships, lays the firm foundation for further cooperation between the two part, and currently the two organizations share similar challenges caused by the COVID-19 and hence share a mutual interest to work together to overcome them.

Now South-Asia setting to become new hotspot of virus will have serious issues for example most severely and presented economic destruction and rising security challenges. As intergovernmental arrangements SAARC and ASEAN individually face difficulty to address the non-traditional security issue like COVID-19. By upholding the principles of consensus, non-interference of domestic affairs, ASEAN should accelerate the cooperation with SAARC for mutual benefits, peace, security and development. It is then essential for all countries to contain the COVID-19. At the same time find solutions for economic recovery, coping with rising security issues, depending on high policy priorities, certain activities could be mapped by short medium and long term outlooks. For the short-term outlook although it seems that the worst part of the global economic recession has been over. It is hard to say that when the economy will return to normal, as there may be more waves of COVID-19. Hence more areas of cooperation can be expanded from low politics, technical issues like setting the terms of trade for economic regional cooperation, for instance reduction of tariffs for key medicine ingredients which are essential for COVID-19 treatment. This is essential in the contexts that in their lives are RCEP and so the two regions will need to establish a new channel of Economic Cooperation. This is also in line with the new trend of shifting supply chain away from China, as arising regionalism instead of globalization. The ASEAN supports trade, liberalization and open policy which is a source of its member countries development. ASEAN is ready to share its experiences with SAARC member countries, to find ways for further economic cooperation. ASEAN on its turn of

course should also learn from South Asia as now is a time to consider the balance between open markets, interdependence and enhancing the economic resilience and autonomy.

Secondly, another potential area for cooperation is the digital economy, which has strongly promoted during COVID-19, as a way out for many countries, even the social distancing in most of the countries and SAARC and ASEAN countries, especially India, Singapore have advantages of digital technology. IT should be open a new area of cooperation between the two organizations. Thirdly with a higher-risk of bankruptcy, due to the negative impacts COVID-19 areas of cooperation should expand from try right focus to sharing information, data experiences and practices relating to continue the COVID-19 as well as methods to support people, especially those who cannot work or business guarantees. In terms of the medium outlook, I think it is more concerned with the security issues, given the possibility of a prolonged recession of the global economy and although the full economic impact is not yet seen, it is necessary to foresee that. There's a high chance that new crime may appear for instance anti- money laundering, smuggling or the challenges relating to new technology such as cybercrime, cyber-attacks, data fraud, fake news due to shifting working patterns towards online activities. Enhanced cooperation to deal with cybercrime is another area of cooperation for the long term outlook and more concerned with the social issues as most vulnerable groups will be children, women then it is necessary to look together at cooperation in issues such as gender violence, gender equality, children rights and other concerns also can emerge such as organized crime.

So, that although the COVID-19 causes tremendous difficulties for economies in the region it also serves as a dynamic for operating new areas of cooperation. The successful containment of contain COVID-19 and economic recovery will depend on how countries look out for opportunities, for cooperation and in this case on how ASEAN and SAARC can make out joint efforts and priorities to take advantageous opportunities and overcome challenges.

Dr. Masuma Hasan

The Pakistan Institute of International Affairs is the oldest think-tank in Pakistan. It was established in 1947 as an independent and not-for-profit organization, so we have 73 years of experience behind us. It is an honour to be with you but I must say that most of which I could have said has already been said in this very interesting presentation, which have already been made. I would like to start with the universal, today the World Health Organization has issued a warning that COVID-19 is going to get worse and worse. Therefore it is all the more important that we should regionally as well as internationally cooperate to get it out of the way and to overcome it. Much has been said already about cooperation, even about the future cooperation between SAARC and ASEAN. I must admit that the ASEAN countries, the ASEAN region has been more successful in containing the epidemic than South Asia which is fast becoming a hotspot, the figures worldwide but even in my region are so mind-boggling that the mind has not even accepted.

With the cooperation between SAARC and ASEAN I would like to say that I cannot really visualize that cooperation as between two blocks. I can visualize cooperation between individual countries and these regional organizations and the reason is that SAARC and ASEAN have developed in very different ways. ASEAN is a great success story, it is called the powerhouse of the world, it has dialogue status with the United Nations, it has tried to create a single market among its member countries, it has an ASEAN free trade area and many other forms of cooperation. For me as a, political scientist its greatest achievement and this is just my view, is the treaty which they have signed the Southeast Asian Nuclear Weapons Free Zone Treaty in spite of some minor border disputes between the ASEAN members which has turned South East Asia into a nuclear weapon-free zone.

ASEAN has also developed other institutions within it. India has always played a very important role in ASEAN but ASEAN has also developed the ASEAN Regional Forum, a multilateral dialogue forum for security issues of which some South Asian countries are members like Pakistan, Bangladesh and Sri Lanka. SAARC on the other hand, I think has not lived up to the expectations of its founding fathers; it was set up as a regional and economic integration organization and it has also set up a South Asian Free Trade area in 2006. But if we think in terms of future cooperation between these two big bodies, these two big blocks, we must

also think of the mechanism of how to do it, what can that mechanism will be. SAARC has not really worked as well politically as it should have because some of the reservations of Member States, especially India which pulled out of the SAARC Summit of 2016 for whatever reasons, I am not going into the reasons. So, I will say we have to work to find a mechanism in which two big regional blocks can cooperate with each other after hopefully we get over of COVID-19.

I don't see as I said this movement together in cooperation as blocks but in the subsidiary institutions which is both ASEAN and SAARC has established; there can be cooperation between for instance chambers of commerce and industry, between lawyers bodies, between inner the bodies of various kinds of economic enterprises. That can happen and I hope that it will happen and that that will expand in the future. However, I want to also talk on a positive note about one or two issues before I conclude one is that there is a great deal of encouragement and hope in the sharing of information between these two blocks on how they have managed to contain or deal with COVID-19. Sharing of information through various institutions like scientific societies and medical communities. The other thing which I would like to say is that COVID-19 for all the disaster that it has brought on the world has also given a great boost to technology and various technological innovations have been made so that governments should not only reach out to each other but that governments should also reach out to their people and various systems have been established have been developed various apps have been developed in which governments can talk to the people in the field who are suffering from this COVID. Of course the negative side of that is that a lot of people in our own countries in South Asia in India which is the biggest country and also in Bangladesh and in Pakistan are outside the loop of technology that they do not have access to Internet they do not even have know-how to operate it because of the high incidence of illiteracy and poverty. So maybe this will be a moment of truth for us and we will understand how necessary it is in the new world which we will see after COVID-19 is contained hopefully in which technology will play a most important part that these countries should work towards minimizing poverty raising literacy, providing sustenance in many ways to people who live in all our countries in SAARC below the poverty line.

And in the end thanking you again since I am a great believer in peace I would like to say something and that is “on the pattern in which ASEAN negotiated and signed a treaty on non-proliferation of nuclear weapons I hope that that can also be done in South Asia you know there

are no simply economic solutions, economic solutions always have political overtones. The two are linked economic aspect as well as political aspect is always linked. In 1997 my country had proposed that there should be a nuclear-free South Asia region but the other countries did not agree I understand that that is a very difficult thing to do considering those in our region 3 of the world's nuclear powers are located. But I am hopeful that the world will realize that we should get rid of hostility, a hostility which has marred the progress of SAARC and that we will be able to resolve our political issues. Because without that resolution no matter how much economic input we put into a SAARC it will not really be a success and you know the United Nations secretary-general has put out an appeal there should be a seizing of all hostilities throughout the world and in this post COVID-19 scenario. I hope that they will the seizing of all hostilities I thank you for your patience.

CLOSING REMARKS**Mr. Sunil KC**

CEO/Founder, Asian Institute of Diplomacy and International Affairs (AIDIA)

Greetings to everyone from South Asia and Southeast Asia it's a particular pleasure and delight to host the webinar on COVID19 and impact on economy in the both region jointly with the Institute of Foreign Affairs of Laos. IFA is a partner AIDIA. AIDIA has been hosting the similar kind of webinar with many countries since the lockdown and we have been closely working with various institutions in the region. As the topic is very much interesting and most of the scholars have shared their perspectives based upon their country's experience and I hope that the experiences and shared ideas would be helpful in days to come. I particularly like to thank to Director General of Institute of Foreign Affairs of Laos for being a part of the webinar and I would also like to thank the team members of the IFA Laos and the team members of AIDIA for doing the great homework of around 1/2 month to prepare the program. I would also like to Share my sincere appreciation to all of the participants who joined from the SAARC region and from Southeast Asia in our platform. As you know that the AIDIA has been hosting the attack 1.5 track and track II dialogues in a regular basis and we'd be happy to engage with all of these fellows in days to come. So thank you so much again to all of the scholars who joined in today's session.

**PREPARED BY:
SAJINA RAI
DY PROGRAM CO-ORDINATOR
ADIA**